

Roundtable on Sustainable Palm Oil Certification RSPO

[✓] Surveillance

Name of Management Organisation : Belani Elok Palm Oil Mill – PT PP London Sumatra Indonesia, Tbk subsidiary of PT Salim Ivomas Pratama, Tbk
 Plantation Name : PT PP London Sumatra Indonesia, Tbk (Belani Elok Estate, Bukit Hijau Estate, Batu Cemerlang Estate, Ketapat Bening Estate and Sei Kepayang Estate)
 Location : Village of Beringin Makmur II, Sub District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia
 Certificate Code : MUTU-RSPO/073
 Date of Certificate Issue : 18 September 2015 Date of License Issue : 18 September 2018
 Date of Certificate Expiry : 17 September 2020 Date of License Expiry : 17 September 2019

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-3	06 to 10 August 2018	Leonada (Lead Auditor); Hasiholan Sihombing; Asystasya Aishah Silalahi; Radytio Puspanjana.	Ardiansyah	Octo HPN Nainggolan

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-3	04 November 2018

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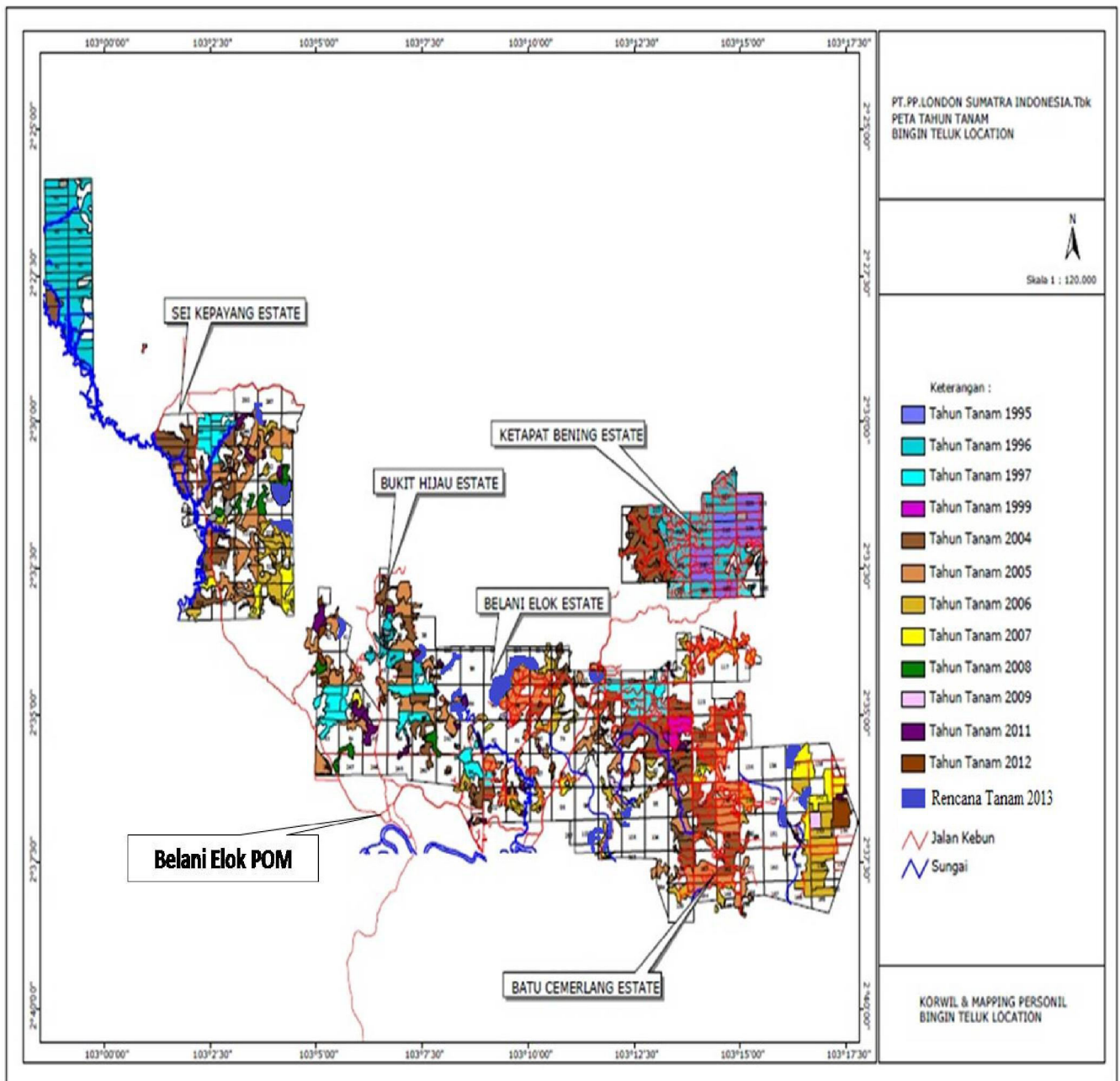
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Figure 1. Location Map of PT PP London Sumatra Indonesia Tbk – Bingin Teluk Location



Figure 2. Operational Map of PT PP London Sumatra Indonesia Tbk – Bingin Teluk Location



Abbreviations Used

AMA	:	Area Manager Agronomy
AME	:	Area Manager Engineering
ANDAL	:	Analisis Dampak Lingkungan Hidup / environment document
AOP	:	Annual Operations Plan
ASA	:	Annual Surveillance Assessment
BCE	:	Batu Cemerlang Estate
BEE	:	Belani Elok Estate
BEPOM	:	Belani Elok Palm Oil Mill
BHE	:	Bukit Hijau Estate
BLRS	:	Bah Lias Research Station
BPJS	:	Social Security Administration Bodies
BPN	:	Badan Pertanahan Nasional (National Land Agency)
Capex	:	Capital Expenditure
CB	:	Certification Body
CH	:	Certificate Holder
CDO	:	Community Development Officer
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
ECSR	:	Environment and Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
EMS	:	Environmental Management System
FFA	:	Free Fatty Acid
FFB	:	Fresh Fruit Bunch
FIFO	:	First In First Out
GHG	:	Green House Gasses
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha/ Land Use Title
HR	:	Human Resources
IPM	:	Integrated Pest Management
KBE	:	Ketapat Bening Estate
KER	:	Kernel Extraction Rate
KUD	:	Koperasi Unit Desa/ Village Cooperative Unit
kWH	:	Kilowatt / hours
LA	:	Land application
LONSUM	:	London Sumatra
MSDS	:	Material Safety Data Sheet
NGO	:	Non-Government Organization
OER	:	Oil Extraction Rate
OHS	:	Occupational Health and Safety
P2K3	:	Panitia Pembina Keselamatan dan Kesehatan Kerja/OHS Committee
PERMEN-LH	:	Peraturan Menteri Lingkungan Hidup (Minister of Environment Regulation)
PerGub	:	Peraturan Gubernur / Governor Regulation
PFC	:	Plasma Finance Control
PIC	:	Person in Charge
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PP	:	Peraturan Pemerintah (Government Regulation)

PPE	:	Personal Protective Equipment
PT	:	<i>Perseroan Terbatas</i>
RSPO	:	Roundtable Sustainable Palm Oil
RTE	:	Rare Threatened Endangered
SIA	:	Social Impact Assessment
SPSI	:	<i>Serikat Pekerja Seluruh Indonesia</i> (Worker Union)
RKL/RPL	:	<i>Environmental Management and Monitoring Plan</i>
SKE	:	<i>Sei Kepayang Estate</i>
SOP	:	Standard Operating System
UPTB	:	<i>Unit Pelaksana Teknis Badan</i> (Technical Organizer Unit of Agency)
WTP	:	Water Treatment Plan
WWTP	:	Water Waste Treatment Plan

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used		
	<ul style="list-style-type: none"> <i>RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013. Indonesian National Interpretation – NITF 2013, endorsed September 2016</i> <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> <i>RSPO Certification System, June 2017</i> 		
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT PP LONDON SUMATRA INDONESIA Tbk subsidiary of PT Salim Ivomas Pratama Tbk	
1.2.2	Contact person	Muhammad Waras	
1.2.3	Organisation address and site address	RSPO Registered Company: Ariobimo Sentral Lantai 12, Jl. HR. Rasuna Said Blok X-2 Kav. 5. Jakarta 12950, Indonesia.	
1.2.4	Telephone	(021) – 80657388	
1.2.5	Fax	(021) – 80657399	
1.2.6	E-mail	muhammad.waras@londonsumatra.com	
1.2.7	Web page address	www.londonsumatra.com	
1.2.8	Management Representative who completed the application for certification	Muhammad Waras (Head of ECSR & HS Department)	
1.2.9	Registered as RSPO member	1-0041-07-000-00 – 24 September 2007	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Belani Elok POM, Bukit Hijau Estate, Ketapat Bening Estate, Sei Kepayang Estate, Batu Cemerlang Estate and Belani Elok Estate.	
1.3.2	Type of certificate	Single	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Belani Elok POM	Village of Beringin Makmur II, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 36' 56" E 103° 08' 44"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Belani Elok Estate	Village of Belani and Beringin Makmur II, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 35' 30" E 103° 08' 44"

Bukit Hijau Estate	Village of Tanjung Raja, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 35' 05"	E 103° 07' 06"
Batu Cemerlang Estate	Village of Pauh, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 37' 27"	E 103° 13' 56"
Ketapat Bening Estate	Village of Air Bening, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 31' 37"	E 103° 14' 57"
Sei Kepayang Estate	Village of Bumi Makmur, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, Indonesia	S 02° 31' 33"	E 103° 02' 27"

1.5	Description of Area Statement		
1.5.1	Tenure		
	• State	13,185.06	Ha
	• Community	-	Ha
1.5.2	Area Statement		
	• Total area	13,185.06	Ha
	• Mature area	7,400.60	Ha
	• Immature area	-	Ha
	• Mill	51.63	Ha
	• Clinic	1.90	Ha
	• Housing Complex	102.71	Ha
	• Another Building	2.11	Ha
	• Road	531.32	Ha
	• Preparation for Planting 2018	10.03	Ha
	• Nursery	0.69	Ha
	• Compensated and ready for LC	181.81	Ha
	• Compensated (Enclave)	2,286.29	Ha
	• Not Compensated	2,187.91	Ha
	• Village with houses	36.00	Ha
	• HCV area	392.06	Ha

* There was a reduction in land title area of 514.47 ha from previous ASA-2 (BCE = 284.47 ha, BHE = 188.03 ha, KBE = 22.59 ha, SKE = 19.38 ha). More detailed explanation on indicators 2.2.1

* The HCV area owned by the company is 751.33 ha, HCV area covered in the land title is 392.06 Ha.

1.6	Planting Year and Cycles						
1.6.1	Age profile of planting year						
	Planting Year	Hectarage (Ha)					
		Belani Elok Estate	Batu Cemerlang Estate	Bukit Hijau Estate	Ketapat Bening Estate	Sei Kepayang Estate	Total
	1995	-	-	-	423.98	-	423.98
	1996	18.02	-	101.54	699.16	812.74	1,631.46

	1997	233.17	-	257.83	71.73	23.94	586.67
	1999	94.50	-	-	-	-	94.50
	2004	532.71	373.96	258.77	299.35	52.54	1,517.33
	2005	272.62	301.98	494.97	-	-	1,069.57
	2006	161.75	364.65	162.83	-	-	689.23
	2007	-	138.13	69.32	-	-	207.45
	2008	-	74.55	78.37	-	-	152.92
	2009	34.32	327.85	-	7.28	-	369.45
	2010	-	-	-	-	-	-
	2011	-	27.71	142.39	-	-	170.10
	2012	-	75.45	43.16	-	-	118.61
	2013	4.05	46.26	171.22	-	-	221.53
	2014	-	65.29	71.94	-	10.57	147.80
	TOTAL	1,351.14	1,795.83	1,852.34	1,501.50	899.79	7,400.60
1.6.2	New Planting area after January 2010			658.04 Ha			
1.6.3	Planting Cycle			1 st Cycle			
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Belani Elok	60	188,506.96	42,407.94	22.50	11,170.73	5.93
	<i>* Source: Production Data of POM period August 2017 – July 2018</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Belani Elok	2,922.87	1,351.14	10,842.27	8.02	10,842.27	100
	Bukit Hijau	3,936.84	1,852.34	11,875.64	6.41	11,875.64	100
	Batu Cemerlang	3,615.42	1,795.83	12,215.71	6.80	12,215.71	100
	Ketapat Bening	1,720.31	1,501.50	14,753.00	9.83	14,753.00	100
	Sei Kepayang	989.62	899.79	10,770.04	11.97	10,770.04	100
	TOTAL	13,185.06	7,400.60	60,456.66	8.17	60,456.66	100
	<i>* Source: Production Data of Estate period August 2017 – July 2018</i>						
1.7.3	FFB description from other source						
	Name of sources/Organisation (RSPO certified / non-certified)	Type of Organisation	number of smallholders	Production Area (Ha)	Supplied to Mill		
					FFB (tonnes/year)		
	Bingin Teluk Location/ PT PP LONSUM (Non Certified)	Own Estate	-	4,251.22	31,940.05		

	Air Bening Region (Non Certified)	Scheme Smallholder	1,303	2,850.1	38,778.02			
	Dwi Makmur Region (Non Certified)	Scheme Smallholder	3,123	6,463.12	56,184.28			
	Others (Non Certified)	Independent Supplier	-	-	1,316.08			
	TOTAL				128,218.43			
	* Source: Production Data of POM period August 2017 – July 2018							
1.7.4	Product categories		FFB, CPO, PK					
1.8	Tonnage of Product							
1.8.1	Past Annual Claim Certified Product		Last Year Projected Certified Volume (MT)	Period August 2017 to July 2018 (tonnes/year)				
	• FFB Production		65,323	60,456.66				
	• CPO Production		14,371	13,507.83				
	• Palm Kernel (PK) Production		3,919	3,565.94				
1.8.2	Product selling							
	Tonnage of selling product		Actual selling product period August 2017 to July 2018 (Ton)					
	• CSPO sold as RSPO certified product		-					
	• CSPK sold as RSPO certified product		296.91					
	• CSPO sold under other scheme		-					
	• CSPK sold under other scheme		-					
	• CSPO sold as conventional		13,507.83					
	• CSPK sold as conventional		3,269.03					
1.8.3	Estimate of Certified FFB Claim							
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/ year)	Yield (tonnes/ha/year)			
	Belani Elok	2,922.87	1,351.14	11,500	8.51			
	Bukit Hijau	3,936.84	1,852.34	12,500	6.75			
	Batu Cemerlang	3,615.42	1,795.83	12,500	6.96			
	Ketapat Bening	1,720.31	1,501.50	15,000	9.99			
	Sei Kepayang	989.62	899.79	11,000	12.23			
	TOTAL	13,185.06	7,400.60	62,500	8.45			
	*Projected FFB production for 12 months of certificate (18 September 2018 – 17 September 2019)							
1.8.4	Estimate of Certified Palm Product Claim							
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO Out put (tonnes)	CPO Extraction (%)	Palm Kernel Out put (tonnes)	Palm Kernel Extraction (%)	Supply Chain Module
	Belani Elok	60	62,500	14,375	23.00	3,750	6.00	MB
	*Projected CSPO and CSPK production for 12 months of certificate (18 September 2018 – 17 September 2019)							
1.9	Other Certifications							
	ISO 9001:2008		-					

ISO 14001: 2004	-
OHSAS 18001:2007	-
ISCC	-
Others	ISPO from Mutuagung Lestari with certificate No. MUTU-ISPO/085 that valid from 5 April 2017 until 4 April 2022

1.10 Time Bound Plan
1.10.1 Time Bound Plan for Other Management Units

Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status
MILL	Time Bound Plan				
Turangie	2008	Turangie	2008	Langkat, North Sumatera	Certified
		Bungara	2008	Langkat, North Sumatera	Certified
		Pulo Rambong	2008	Langkat, North Sumatera	Certified
Begerpang	2008	Sungai Merah	2008	Deli Serdang, North Sumatera	Certified
		Begerpang	2008	Deli Serdang, North Sumatera	Certified
		Si Bulan	2008	Serdang Bedagai, North Sumatera	Certified
		Rambong Sialang	2008	Serdang Bedagai, North Sumatera	Certified
Dolok	2008	Dolok	2008	Batubara, Asahan, Simalungun, North Sumatera	Certified
		Bah Lias	2008	Simalungun, North Sumatera	Certified
		Bah Bulian	2008	Simalungun, North Sumatera	Certified
Gunung Melayu	2008	Gunung Melayu	2008	Asahan, North Sumatera	Certified
		Sei Rumbiya	2008	Labuhan Batu, North Sumatera	Certified
Gunung Bais	2019	Gunung Bais	2019	Musi Rawas, South Sumatera	-
Arta Kencana	2017	Arta Kencana	2017	Lahat, South Sumatera	ST-2
		Kencana Sari	2017	Lahat, South Sumatera	ST-2
Belani Elok	2014	Belani Elok	2014	Musi Rawas, South Sumatera	Certified
		Bukit Hijau	2014	Musi Rawas, South Sumatera	Certified
		Batu Cemerlang	2014	Musi Rawas, South Sumatera	Certified
		Ketapat Bening	2014	Musi Rawas, South Sumatera	Certified
		Sei Kepayang	2014	Musi Rawas, South Sumatera	Certified

		Process of Non-HGU as 4,468.45 Ha	2018	Musi Rawas, South Sumatera	-
Sei Lakitan	2019	Sei Lakitan	2019	Musi Rawas, South Sumatera	-
		Riam Indah	2019	Musi Rawas, South Sumatera	-
		Sei Gemang	2019	Musi Rawas, South Sumatera	-
		Sei Punjung	2020	Musi Banyuasin, South Sumatera	-
		Bangun Harjo	2020	Musi Banyuasin, South Sumatera	-
		Suka Bangun	2020	Musi Banyuasin, South Sumatera	-
Sei Lakitan	2019	Sei Lakitan	2019	Musi Rawas, South Sumatera	-
Pahu Makmur	2018	Isuy Makmur	2018	West Kutai, East Kalimantan	ST-1
		Pahu Makmur	2018	West Kutai, East Kalimantan	ST-2
		Kedang Makmur	2018	West Kutai, East Kalimantan	ST-2

Based on time bound plan that approve on 27 July 2017 there is some mill and estate that postpone the certification process because the HGU still in process and the plant is still immature. Herewith the detail management unit that postpone the certification process:

1. Gunung Bais POM postpone the certification process from 2016 to 2019 because the unit management is still process the HGU
2. Arta Kencana POM postpone the certification process from 2016 to 2017 because the mill has just operate.
3. Sei Lakitan POM postpone the certification process from 2016 to 2019 because the unit management is still process the HGU.
4. Terawas POM postpone the certification process from 2016 to 2020 because the unit management is still process the HGU the plant is still immature.
5. Pahu Makmur POM postpone the certification process from 2016 to 2018 because the unit management is still process the HGU.

Progress of Non-HGU as 4,468.45 Ha (Belani Elok) that's in process of HGU. Last update are:

- Letter of response from the Director General of legal relations, directorate of regulation and stipulation of land and space for the Ministry of Agrarian and Spatial Planning No. Letter 2379/19.1-400.19/VI/2017 dated 14 June 2017 for the process of HGU covering an area of 1,782,4229 Ha
- Letter of response from the Director General of legal relations, directorate of regulation and determination of land and space for the Ministry of Agrarian and Spatial Affairs No. Letter 2238/19.1-400.19/VI/2017 dated 6 June 2017 for the management of HGU covering an area of 688,3255 Ha

1.10.2

Progress of Associated Smallholders and Outgrowers for Certifiable Standard

Belani Elok POM receive FFB from own estate, scheme smallholder and independent outgrower. Scheme smallholder is still in the process of certification (assessed) in 2017 by other CB.

Certification of scheme smallholder progress:

- Karya Mulya Cooperation for 192 smallholders (381.03 Ha): main audit 29 May – 2 June 2017
- Sumber Rejeki Cooperation for 258 smallholders (509 Ha): pre audit 7 – 9 November 2017

Other scheme smallholder still in preparation and socialization process:

- Region Dwi Makmur: Jaya Makmur, Shinta, Fajar Sidik, Karya Bersama, Karya Membangun
- Region Air Bening: Beringin Makmur, Jaya Usaha Bersama

<p>Based on the explanation above it is known that the company has made an effort in the process of scheme smallholder certification, but until ASA-3 not 100% of scheme smallholders have been certified. NC 2018.07 Minor</p>
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2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ASA-3	<p>1. Leonada (Lead Auditor). Bachelor of agriculture for plant breeding and seed technology program study, department of agronomy, faculty of agriculture in Bogor Agricultural University. Having experience of more than five years working as a plantation operations staff and sustainability in private company of Indonesian oil palm plantations and is currently working on independent certification bodies as auditor. Training have been followed are: training of Indonesian sustainable palm oil (ISPO) lead auditor, training of RSPO lead auditor, RSPO SCCS training, SA 8000, ISO 17021; 2011, ISO 17065; 2012, ISO 19011; 2011, lead auditor ISO 9001; 2008, ISO 14001; 2005, training of management development program agronomy, training of analysis base solution for operation, training of integrated pest management (IPM), use of limited pesticides training, training management of waste pesticides and fertilizers, training mediation and conflict resolution, RSPO social and worker welfare training, general safety specialist training, health and safety management system (SMK3) auditor. In this audit He conducted an assessment on Legal, land dispute and SCCS.</p> <p>2. Asystasya Aishah Silalahi (Auditor). Indonesia Citizen, Bachelor of Economy, Major of Agribusiness, Faculty of Economic and Management. She has one year experience in consultancy. She has followed training such as ISPO Auditor Training, Lead Auditor ISO 9001:2015, OHS General Expert, RSPO lead auditor training course, and several in house training related to environmental, BMP, SA 8000, etc. Has been involved in several audit activities since 2016 related to sustainable palm oil certification covering waste management aspect, Social Aspect, Health and Safety Aspect, and Worker Welfare. During this audit, she verify transparency, Social, and Worker Welfare aspects.</p> <p>3. Hasiholan Sihombing (Auditor). Indonesian citizen. Bachelor of Agriculture Majoring in Agronomy, Agriculture Faculty. He has working experienced for seven (7) years since 2009 as an Operational Staff in an Oil Palm Plantation Company in Indonesia. The training he has followed namely: Auditor ISPO training, awareness RSPO P&C and certification system, Quality Management Systems training (ISO 9001:2015), Environmental Management Systems training (ISO 14001:2015), OHS General Expert training, OHSAS 18001:2007 training and ISO 17021 & 17065 training. During this audit, he assigned to verify Best Management Practices aspect and OHS aspect.</p> <p>4. Radytio Puspanjana (Auditor Trainee). Indonesian Citizen. Bachelor of agriculture, majoring in Soil Science. Agriculture Faculty. He was working as honorarium Officer at the Riau Province Plantation Agency in the division of huge estate for 1 year. The participated trainings are Survey and Mapping (GIS) Training which was held by National GMTI, ISPO auditor training, ISO 9001/2008 auditor training, ISO 14001/2004 auditor training, IHT Geospatial Information System, IHT High Conservation Value, IHT Environmental Impact Assessment, IHT Green House Gas and RSPO Awareness In House Training. Since 2015 has been following many audit as auditor base on Best Management Practice and Environment. At the time of audit, has support to verify aspect of HCV and Environment.</p>
2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
ASA-3	<p>Number of auditors : 3 auditor and 1 auditor trainee</p> <p>Number of days for ASA-3 at site : 5 days</p> <p>Number of working days for ASA-3 at site : 15 Working days</p>
2.2.2	Assessment Process
ASA-3	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT London Sumatra Indonesia to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on June 2017 (Module E for CPO Mill).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the</p>

information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results ASA-3 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).

Improvement of findings from ASA-2 findings were observed by auditors at this ASA-3 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-3.

The assessment program please find Appendix 2

2.2.3	Locations of Assessment
ASA-3	<p>Number of unit in this certification activity is 1 (one) Mill and 5 (five) Own Estates. The auditor team used the $(0.8\sqrt{y}) \times (z)$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. (y) is the number of estate and (z) multiplier defined by the risk assessment. The consideration for risk assessment are geographic locations, distance of estate, complexity of labour, landscape setting, presence of HCV, number of communities/conflict, legality etc. Based on this formula, the auditor team determined that the sampling locations are one palm oil mill (Belani Elok POM) and two estate (Belani Elok Estate and Batu Cemerlang Estate).</p> <p>Detail of field visit locations described below:</p> <p>Belani Elok POM</p> <ul style="list-style-type: none"> - Weighbridge Station. Observations and interviews related to SCCS, they are understanding the work procedures and unions. - Security Post. Observation and interview with security related personnel understanding over the applicable SOP, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Loading Ramp. Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria. - Sterilizer Station. Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Press Station. Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Boiler Station. Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Engine Room Station. Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Kernel Station. Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare. - Hydrant No 19. Simulate the facility of emergency - Chemical material warehouse. Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health. (1 person clerk) - Spare part warehouse. Field observations related to health safety equipment stock and stock request. (1 person clerk) - Workshop. Observations and interviews with workers related to the management and implementation of health safety, and social worker and hazardous waste management. (1 head of workshop, 1 welder and 1 mechanic) - WTP. Observations and interviews related to water management, recording of water use, health checks, PPE and waste management. - WWTP. Field observations related to Ban to entry to WWTP, run off, testing of effluent. Officers equipped with PPE

and Recording of effluent debit effluent.

- **Hazardous waste temporary warehouse.** Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse.
- **Solid Waste.** Observation of the management of Solid waste consist of EFB, fiber and shell from the production process of mill.
- **Mill Drainage.** Observations mill effluent lines, sanitation mill and flow of leaching mill.
- **Division II Blok 971108410.** Observation and interview with Land application clerk Bukit Hijau Estate, there is no overflow nor leak effluent to trench nor river including the block of application that has been permitted by the government.

Belani Elok Estate

- **Harvesting Block 74 Division 1.** Interview with 2 harvesters and 1 foreman related to worker welfare, OHS implementation, complaint and grievance mechanism, and understanding about harvesting technique.
- **Interview with 2 spraying worker and 1 foreman** related to worker welfare, OHS implementation, complaint and grievance mechanism, gender committee, reproductive right for female worker, training, and medical surveillance.
- **Barn owl box Blok 97110721 Division 1.** Observation on BOB condition.
- **HGU Pole No. 41 (block 63).** Observation the conditions and position of legal boundary
- **HGU Pole No. 42 (block 63D).** Observation the conditions and position of legal boundary
- **HGU Pole No. 103 (block 104).** Observation the conditions and position of legal boundary
- **HGU Pole No. 104 (block 104D).** Observation the conditions and position of legal boundary
- **HCV area Lelau riparian (block 104D).** Observation the implementation of management in HCV area
- **Agrochemical material warehouse (BEE central).** Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health.
- **Hazardous waste temporary warehouse.** Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse.
- **Fertilizer Warehouse (BEE central).** Observations relating to the implementation of storage hazardous material, Health safety and labor management.
- **First aid post (BEE central).** Observation First aid rooms reasonably clean condition, medical waste recording, labor medical check up and work accident.
- **Land fill block 75 (housing complex division I & III) .** Observations related to the implementation procedures of domestic waste bins and disposal site is about 5 kilometers from the settlement.
- **Body shower of spraying team and mixing area (BEE central).** Observation the conditions body shower room and PPE handling.
- **Fire Fighting Equipment Storage.** Simulation the function of fire extinguishers and team readiness.
- **Generator room (BEE central).** Observation and interview with clerk related to generator system, engine capacity, and possible occurrence of spills to environment, hazardous waste, PPE dan Health safety and labor management.
- **Generator room (housing complex division I & III).** Observation and interview with clerk related to generator system, engine capacity, and possible occurrence of spills to environment, PPE dan Health safety and labor management.
- **Water pump room (housing complex division I & III).** Observation and interview with clerk related to fresh water management system, Health safety and labor management.
- **Housing (division I).** Observations and interviews related to workers facility, electricity, domestic waste, sources of fresh water and socialization of company policy.
- **Housing (division III).** Observations and interviews related to workers facility, electricity, domestic waste, sources of fresh water and socialization of company policy.
- **Fuel storage (BEE central).** Observation and interview with clerk related to possible occurrence of spills to environment, hazardous waste, Health safety and secondary contaminant.

Batu Cemerlang Estate

- **Block 110.** Observation the conditions and position of legal boundary BPN.054.
- **Block 137.** Observation the conditions and position of legal boundary BPN.131.
- **Block 540.** Observation the conditions and position of legal boundary BPN.077.
- **Block 410.** Observation the conditions and position of legal boundary BPN.073.
- **Field 1111520.** Observations related to the management of HCV area in form of Terentang riparian and

	<p>observations related to the management of HCV area in form of area with natural vegetation.</p> <ul style="list-style-type: none"> - Block 331/332. Observation the conditions road and maintenance such hardening road. - Block 332. Observation the conditions of fire tower monitoring and post fire monitoring. - Block 04111481 Division 1 – Weeding Activities. Observation on safe working practices and interview with workers related to the procedure and also worker welfare. - Block 04111320 Division 2. Observation of procedure application related fruit ripeness, safe working practices and interview about worker welfare. - Block 05111341 Division 2 (Barn Owl Nest Observation). To check nest condition. - Batu Cemerlang Estate Office. There was no manuring activity. Interview with pesticide applicators to observe workers knowledge on safe working, spraying procedure, type of pesticide use, PPE used, worker welfare, wage and medical check up. - Housing complex. Observation housing condition, domestic waste management, and interview with the resident about facilities such as worship place, sports, education facilities. - Workshop. Observation and interview with 1 head mechanic and 1 mechanic about workshop activities, OHS implementation, waste management, overtime payment, and worker welfare. - Hazardous waste storage. Observation about storage condition, OHS implementation, worker welfare, and worker union. - Agrochemical storage. Observation about storage condition, agrochemical stock, MSDS, and medical surveillance. - First aid Facility. Observation about activities in facility, infectious waste management, OHS implementation. - Solar tank. Observation about tank condition and emergency facility. <p>Stakeholder Consultation</p> <ul style="list-style-type: none"> - Tanjung Raja Village. Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities. - Pauh Village. Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities - Interview with Environmental Agency of Musi Rawas Utara District; Agriculture and Fisheries Agency Musi Rawas District, Manpower and Transmigration Agency of Musi Rawas Utara District.
2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ASA-3	<p>Consultation of stakeholders for PT PP London Sumatra Indonesia, Tbk – Bingin Teluk Location was held by:</p> <ul style="list-style-type: none"> - Public Notification at web www.mutucertification.com on 23 July 2018. - Consultation meeting and interview with locals of the nearby village and ex land owner (Tanjung Raja Village II and Pauh Village) on 7 August 2018. - Consultation meeting and interview with Internal Stakeholder (labour union, gender committee and local contractor) on 7 August 2018. - Public consultation meeting with government of North Musi Rawas District conducted by visits and interview on August 7, 2018. - Consultation with NGO (Sawit Watch, WALHI and AMAN) on 31 July 2018.
2.3.2	Stakeholder contacted
	Please find appendix 1
2.4	Determining Next Assessment
	The next visit (ASA-4) will be determined eight (8) after this ASA-3 (July 2019).

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Belani Elok POM – PT PP London Sumatra Indonesia, Tbk operation consisting of one (1) mill and five (5) oil palm estates.

During the assessment, there were 3 Nonconformities were assigned against Major Compliance Indicators, 4 nonconformities were assigned against Minor Compliance Indicators and four (4) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (document record/photographic) and field visit. Those corrective actions taken that consist of three (3) Major Nonconformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Belani Elok POM – PT PP London Sumatra Indonesia, Tbk complied with the requirements of requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on June 2017 (Module E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
1.1.1	<p>Certificate holder has the latest list of stakeholder updated on 30th July 2018, consist of statutory bodies, local communities, worker organization, and local NGO. Based on interview with management, the list of stakeholders will updated if there is a revision. Based on interview with statutory bodies in Musi Rawas Utara Regency, they've already know the mechanism and person in charge for communication with stakeholder.</p> <p>Mechanism for consultation is listed in Communication Procedure (EMS-P05) dated 25th August 2016. The procedure explain that all the information request will be responded by CH in 14 days after the incoming letter. Stakeholders also can access the CH's documents, such as CH's policies, licensing, reporting, and so on. The list of document can be seen in Communication Procedure. Based on interview with statutory bodies in Musi Rawas Utara Regency, it is known that they don't have difficulties to communicate with the company for information request.</p>	
1.1.2	<p>Mechanism for consultation is listed in Communication Procedure (EMS-P05). This document explains communication and consultation and information request procedures from the stakeholders. All the information request will be responded by CH in 14 days after the incoming letter. The person in charge for communication and consultation is Community Development Officer. The documentation of information request is recorded in "Catatan Komunikasi". Throughout the year 2018, it is known that the incoming letter from stakeholder is about visit letter to PT Belani Elok. For example: The letter dated 28th March 2018 from Environmental Department about environmental monitoring period of 1st semester 2018 and</p>	

responded by CH by giving permission to do the visit.

Status: Comply

1.2

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

1.2.1

CH has list of document that can be accessed publicly listed in Communication Procedure. The public documents, such as legal document, environmental documents (environmental policy, environmental management and monitoring report, etc), social document, OHS policy and program, and continuous improvement documents. These documents are available in estate and mill office. The list of public document is listed in Communication Procedure.

CH also has monitoring and management report, such as OHS implementation report, report of environmental management and monitoring plan. These documents also can be accessed by public through the mechanism which has determined by the company.

Status: Comply

1.3

Growers and millers commit to ethical conduct in all business operations and transactions.

1.3.1

CH has code of conduct document for all operational activities. Code of conduct explain about company's responsibility, human rights, fair treatment and equal opportunities, prevention of harassment, Business relations with LONSUM, bribery and corruption bans, whistle blowers.

This policy has been socialized to the workers in each unit, such as in Belani Elok Estate on 20th April 2018 attended by 20 participants. This policy is available in Indonesian Language. Based on interview with worker in estate and mill, it is known that they understand about the code of conduct. Code of conduct policy also seen in work agreement with contractor. It's stated that contractor won't will not give commissions, rewards, repayments or giving any form of discounted money to employees or first-party officials and will not enter into agreements with employees or officials of PT PP Lonsun Sumatra Indonesia Tbk. Based on interview with local contractor in Tanjung Raja Village and Pauh Village, it is known that the contractor is knew and understand about code of conduct

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

There is compliance with all applicable local, national and ratified international laws and regulations.

2.1.1

The CH has list of national and international laws and/or regulations for sustainable palm oil (SPO) production which presented in document of "Evaluation of SPO Regulations" List of laws/regulations listed has covers several aspects such as land permit and legality, manpower, occupational health and safety (OHS), best management practices (BMP) and environment. List and update of laws and/or regulations, as well as its distribution were carried out by Department of Environment and Corporate Social Responsibility of Sumatera Selatan Region. Documents were available both hardcopy and softcopy. Based on observation to Belani Elok Estate and Batu Cemerlang Estate office, it was found that list of laws and regulations were distributed through soft copy and keep/stored on Manager personal computer (PC).

Some examples of regulations compliance that have been done such as plantation business permit and land use right. The other compliances of regulations are regarding to worker regulations such as minimum wage, occupational safety and health regulations which are company hygiene & occupational health, transporting and forklift operator etc.

2.1.2, 2.1.3 & 2.1.4

Procedure of legal requirement which presented in document No. EMS-P02 dated April 10th 2015 mentioned that Company Secretary of Legal Department has responsibility to arranged and monitored legal related laws and/or

regulation. Furthermore, system of documentation of laws and/or regulation master list was documented in Evaluation of SPO Regulation (EMS IA-C5), which updated annually by Department of ECSR Sumatera Selatan Region. Internal audit that has been conducted in February 2018.

The procedure mentioned that in order to monitor and update of laws and/or regulations, the ECSR Department is required to actively check and make coordination with Government Agencies or Institutions. Updated of masterlist document was distributed by ECSR team through email the softcopy. Based on observation to Belani Elok Estate and Batu Cemerlang Estate Office, it was found that the Estate Manager has the latest softcopy of Master list of Laws and Regulation (EMS IA-C5) in December 2017.

Status: Comply

2.2

The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

2.2.1

CH has managed area of 17,653.51 Ha, while in ASA-2 it is known for certification scope that CH has had the land rights in the form of Land Use Title for an area of 13,699.35 hectares which consist of 5 certificate HGU and 1 certificate HGB. Area of HGU is revised became 13,185.06 according to decision of Musi Rawas land agency. The reduction of the HGU area is due to the fact that in the HGU issued by the government there are still areas that have not been compensated by the company, and the company does not conduct land clearing in those areas. For areas where the negotiation process cannot proceed, the company through the decision of the head of the land agency conducts a re-measurement and removes the area from the HGU. The others area of 4,468.45 Ha are still in progress of HGU and remain as uncertified areas.

2.2.2

Management unit has had list and map of boundary pole from National Land Agency. Management unit have conducted monitoring and maintenance of boundary pole every year. The monitoring results in 25 February 2018 (Belani Elok Estate) are 28 poles available and March 2018 (Batu Cemerlang Estate) are 54 poles available. Based on the results of monitoring the stakes in the Belani Elok Estate, it was known that all complete stakes were 28 stakes. However, based on the results of field visits are not found the poles no. 41 (block 63) and No. 103 (Block 104). In this case the company cannot show the legal boundaries available and maintained. **NC 2018.01**

2.2.3, 2.2.4 & 2.2.5

Based on document review and interview with management are known that there are land dispute/claim in company operational area. The management unit cannot harvest the FFB in some of that area. To resolve this land conflict, The certification unit has had procedure (OP 2.2) of Land Acquisition and Compensation which explain about land conflict resolution. Conflict resolution conducted by the certification unit based on procedure consist of discussion, mediation with third parties and legal recourse. Certification unit has had location map of land conflict which verified in the field with land claimant. The company can shows the records that fair compensation has been provided and accepted by involved parties for those areas.

From the results of interviews with the communities (Tanjung Raja Village & Pauh Village) it is known that the company did not planted in the area within the company's HGU that had not been compensated. The land claims made by the community in the area that has been planted by the company and previously have been compensated, but the family from the previous land owner made a claim back in the opportunity of getting compensation again. Related to this, the company carries out the negotiation process until legal settlement.

2.2.6

PT PP Lonsum has had Community Policy Guidelines which approved by president director on December 2005. This policy explain about if there is a crisis, the company will formed a crisis management team which consist of CSR manager, Corporate Secretary, Investor relation and Head of Dept where the crisis happen. The crisis consist of land conflict, accidents, CPO spills, etc. Based on interview with communities and field observations, it is known there is no indication of contractually army using in plantation area of PT. PP Lonsum.

2.2.2	Status: Non Conformity with Minor Category	
2.3	Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.	
2.3.1, 2.3.2, 2.3.3 & 2.3.4	<p>Land tenure contained in Bingin Teluk Location is individualized land that be acknowledged with the acknowledgment letter of the rights from village authorities and sub-district officials. The results of the public consultation and assessment of HCV and SIA is known that there are no indigenous rights. Interviews with the communities included the land owners (Tanjung Raja Village and Pauh Village) is known that the land acquisition is done voluntarily and people who do not want to releasing the land also did not to be forced.</p> <p>The company has shown evidence of land acquisition with the involvement of landowners, the neighbouring parties and the village authorities. There is also a map of the land acquired that signed by the landowner, the neighbouring parties and village authorities. In land compensation process, the company also conducting mapping for communities land. Land mapping carried out by a team formed by local village government tasked to inventory the number and area of land cultivated by the community and the process of measurement involves the adjacent parties. All land compensation documents presented in the Indonesian language that can be understood by all parties.</p>	
	Status: Comply	
PRINCIPLE #3 Commitment to long-term economic and financial viability		
3.1	There is an implemented management plan that aims to achieve long term economic and financial viability.	
3.1.1	<p>Management unit has shown long term management business plan which presented on the following documents, e.g.:</p> <p>Belani Elok POM Belani Elok POM has a long-term plan in the form of AOP Cash Flow 2019 for period 2019 until 2013. The document explains the long-term plan regarding the estimated price (Rp / kg) of CPO, PK, FFB; production (tons) of CPO (FFA, OER), PK, FFB; income (Rp) CPO and PK; production costs excluding depreciation (process, maintenance, power supply, overhead, purchase of FFB); cash flow from operations; investment costs; capex; and Net Cash Flow.</p> <p>Belani Elok and Batu Cemerlang Estate The long-term estate plan in the form of AOP Cash Flow 2019 for period 2019 until 2013. The document explains the long-term plan regarding the price (Rp / kg) of FFB, CPO; area statement; income; harvest costs; maintenance cost; fertilizer costs; general fees; cash flow from operations; investment / capital costs (maintenance of immature plant, land clearing, capex); and Net Cash Flow Include Capex.</p> <p>Management unit stated that the business plan are subjected to changed and reviewed annually by the respective management through considering actual trends and dynamic situation which predicted could be changed in the future. Moreover, monthly and annual evaluation were made and presented in monthly operational report, which describes analysis of parameter measured on the to-date month and its recapitulation.</p> <p>Smallholders area has been fully take over to the local farmers itself. Regarding long-term and business plan, the company is only assisting smallholders in term of FFB production administration.</p>	
3.1.2	<p>Replanting program has made based on procedure No. OP 2.13 which mentioned that criteria of replanting are: palm age should be more than 25 years old, annual budget management decision, FFB production is less than 14 ton/ha/year and other specific reasons, such as palm height, low palm planting density, high maintenance cost, infrastructure development, etc.</p> <p>According to hectare statement 2018 map and year of planting data, it was known that the oldest palm were came from</p>	

1996 planting where located on Belani Elok Estate. Thus, replanting activities are not included in the annual planning based on the long-term plan documents shown.

Status: Comply

PRINCIPLE #4 Use of appropriate best practices by growers and millers

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

Agronomy procedures was documented in "SOP of oil palm" which issued by the Managing Director Operation of PT Lonsum Indonesia, Tbk at April 21st 2008. The SOP consist of five parts which covers land preparation, nursery management, upkeep and pest management in nursery, land title process, land compensation, management development, planning, land preparation strategy, legume cover crop planting, planting and replanting procedures, upkeep on immature and mature palms, manuring, supply palm, ablation and harvesting preparation, harvesting management, FFB handling and transportation procedures to the mill, integrated pest management for immature and mature palms, fronds stacking, pruning and by-products applications.

Oil palm processing procedures was documented in "Work Instruction Palm Oil Mill (POM-WI)" which issued by the Managing Director Operation of PT Lonsum Indonesia, Tbk at October 1st 2006. The POM-WI has covers procedure on weighbridge, loading ramp, sterilization Station, threshing, pressing, clarification, depericarping, kernel recovery, boiler, power generator, water treatment, effluent treatment – Land Application, EFB Mulching, workshop equipment, electrical system, quality, dispatch, laboratory equipment and reagents, laboratory safety, care and use of the analytical balance and procedure for producing low FFA oil. Both SOP for oil palm agronomy and work instruction for oil palm processing were still relevant with current situation, sufficiently covers all operational estates and mill activities and has available in Bahasa and English.

Interviews were conducted to harvester, pesticides applicator, and manuring worker in Belani Elok Estate and Batu Cemerlang Estate. Based on the results of interviews can be concluded that the workers understand the duties and responsibilities of their work in accordance with the applicable SOP.

4.1.2 and 4.1.3

There is an internal monitoring conducted by the Internal Audit Department that monitors and assesses field implementation consistent with SOP's. Internal Audit Department do an internal audit periodically every 6 months which assesses the implementation of all SOPs in estate and mill. For non-conformity results are set for the completion at the closing meeting where the time frame depends on the findings that agreed between the auditee and auditor.

Company has mechanism of periodic assessment and monitoring, for example:

- Based on field observation to harvesting activity, the foreman were able to shows daily report book which informed working hours, FFB harvested and number of loose fruit (in kg), FFB quality and sortation/grading. The daily report will be recapitulate into crop production monthly report.
- Daily crop report which informed harvested Blocks and areas (in ha), number and quality of FFB, Letter of transportation number (number of FFB delivery letter and number of vehicle used), overnight fruit, etc.
- Monthly operational cost report and actual activity report for BEE and BCE.

4.1.4

Belani Elok Mill has recorded the origin of FFB source that sent by supplier. On period of 2017-2018, mill was receiving the FFB from own estate, scheme smallholder and outgrower. The scheme smallholders consist of KUD Beringin Makmur, KUD Darussalam, KUD Persada, KUD Sumber Rejeki, KUD Tiga Serangkai, KUD Tunas Muda, KUD Jaya Makmur, KUD Giri Mulya, KUD Shinta, KUD Fajar Sidik, KUD Karya Bersama, KUD Karya Mulya, KUD Karya Mulya, KUD Karya Membangun and KUD Kelumpang Abadi. The outgrower which sent FFB are Petani swadaya Mahkota and Cahaya Timur Cooperation.

Status: Comply

4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.
4.2.1 and 4.2.3

The procedure related with soil fertility were presented in document SOP No. OP 3.2 about manuring schedule for immature and supply palms, SOP No. OP 5.9 about manuring management for mature palms and leaf sampling procedure, SOP of research and technology development which stated that fertilizer recommendation must be based on leaf and soil analysis and SOP No. OP 5.10 about by-products (EFB, POME and decanter cake) application for nutrient cycle strategy. Leaf and soil sampling analysis and manuring recommendation is carried out by Bah Lias Research Station (BLRS) Department where located in North Sumatera.

BEE and BCE unit management shown fertilization realization documents for semester 1 of 2018. At the time of the ASA-3 audit, there was no fertilization activity due to the lack of fertilizer stock. However, the auditor conducted an interview with a fertilizer worker at the BEE and BCE office. From the interview, the worker can explain the fertilization procedure, in accordance with the dose based on the recommendation, sprinkle it around the palm and use the calibrated container.

It shown the leaf analysis results by BLRS taken through leaf samples in 2017 which used data as fertilizer recommendation for the period of 2018. The document describes the nutrient content of N, P, K, Mg, Ca, RP, RK, RMg and Rca. There is also a record of the results of soil analysis by BLRS taken through soil sampling in 2016 which is also used data as fertilizer recommendation for the period of 2017 and 2018. The document describes soil fertility based on N, P, K, pH, OM, Pbray, Ptot, Mg, Ca.

4.2.2 and 4.2.4

BEE and BCE unit management shown the plan and the realization of fertilization for 2018. The fertilizer used for first semester of 2018 is only NPK 15.10.23. Based on document review, the realization of fertilization in BEE and BCE did not reach 100%. The company justification is because the stock of fertilizer is not available during semester 1 and is available in semester 2. The availability of this fertilizer stock has become an evaluation material at the top level of the company.

There was no POME application in Belani Elok Estate and Batu Cemerlang Estate. POME application only in Bukit Hijau Estate because location of Belani Elok POM is in Bukit Hijau Estate area. In 2018, Belani Elok Estate and Batu Cemerlang Estate does not do EFB application because of the location is far away from Belani Elok POM. Until the ASA-3 assessment, the management unit had not carried out replanting activities, so there was no use of the palm residue after replanting.

Status: Comply

4.3
Practices minimize and control erosion and degradation of soils.
4.3.1 and 4.3.6

The company has able to shows soil map which derived from soil survey report which conducted by Bah Lias Research Station (BLRS) at the time of beginning before land clearing and around 2014. The report has informed soil properties in Belani Elok (BEE), Bukit Hijau (BHE), Batu Cemerlang (BCE), Ketapat Bening (KBE) and Sei Kepayang Estate (SKE). The semi detail map were available in scale of 1:175,000; 1:60,000 and 1:50,000. Both report and map informed that there were no presence of peat soil and steep to very steep areas (slope >40 %). Hence, it could be concluded that there were no presence of fragile soils within CH operational areas. Main soil limitation for oil palm cultivation were due to the presence of acid tuff plain soil which covers less than 10 % and low fertility soils. Soil map were available in every Estate, as confirmed during field observation to BEE and BCE.

To overcome soil marginal properties, several strategy had been implemented by company, such as to follows fertilizer application which recommended by BLRS Agronomist team, to conduct by-products application through EFB mulching, solid decanter cake and land application by POME. The latter strategy has only implemented in BHE and smallholders areas. Dosage of EFB application recommended by BLRS Agronomist was about 40 ton/ha/year.

4.3.2

Management strategy towards hilly or terraced areas were presented in several documents, such as Procedure No. OP.2.9 about legume establishment in oil palm plantation, No. OP.5.10 about high conservation value (HCV) and No. OP.5.4.3 about frond placement on slope and terrace. Procedure mentioned that in order to minimize soil erosion, fertilizers leaching and top soil run-off, pruned fronds should be stacked parallel to the contour line.

Based on field observation to BEE and BCE, it could be concluded that there were no presence of areas with slope more than 40 %. Terraces planting pattern, planting of legume cover crop (*Mucuna bracteata*) and fronds stacking parallel to the contour line were adopted when slope condition were about 16-40%.

4.3.3

The company shows a road maintenance program for the 2018 period. Both BEE and BCE have classified roads based on their conditions (good, medium and heavy). From these data the company made priority programs in road improvement. For example, BCE has 13,693 meter main road repair program and 12,488 meter collection road. Until the audit is carried out, the realization of road improvements has reached 5,600 meters.

Based on field observations throughout the audit activities, it was concluded that the road conditions on the BEE and BCE were in good condition and could be passed.

4.3.4 and 4.3.5

According to soil survey report which conducted by BLRS in 2014 and semi detail soil map (scale 1:50,000), it was informed that there were no presence of peat soil within CH operational areas. This is confirmed during field observation to BEE and BCE. Hence, water management and peat subsidence monitoring activity and drainability study for replanting activity are not applicable.

Status: Comply

4.4

Practices maintain the quality and availability of surface and ground water.

4.4.1 & 4.4.2

CH has identified rivers and wetlands inside plantation area. Analysis of HCV (2006) containing distribution maps of the river in the area of PT PP London Sumatra Indonesia – Belani Elok POM.

The CH shows water sources map with scale of 1:35,000 and 1:60,000. All riparian area were treated as HCV areas. Procedure of protection and/or management on riparian and other water sources areas were presented in several documents, i.e. document No. OP 5.2.2 about guidance of save pesticide application mentioned that pesticide is prohibited to be applied on riparian zone and other water sources, No. EMS-P.16 and work instruction No. EMS-WI-5 about monitoring and management of conservation areas mentioned about marking on riparian zone and No. OP 5.12 about environment monitoring on the rivers upstream and downstream.

Monitoring of water sources quality has also carried out and presented in RKL/RPL report. According to Semester I and II 2017 report, it was informed that water quality of Kelumpang River (stream of Rawas River) in upstream and downstream were fulfill the standards required by Governor Regulation (PerGub) of Sumatera Selatan No. 16, year 2005 (Appendix II).

Based on field visit of riparian zone of Terentang River in Block 11111520 (BCE) and Block 104D (BEE), known CH already done water source management, such as:

- Signboard prohibition chemical application on riparian.
- Signboard of HCV area, prohibition of hunting, and poisoning fish.
- Determination of riparian with a distance of 50 meters left-right of Small River Demarcation of the border is done with the installation of boundary markers river border.
- Planting a *pulai* and *mahoni*.

Based on interview with pesticide operators BCE it could be concluded that, operator has understood that application of agrochemicals in the riparian and other water sources areas were strongly prohibited.

4.4.3

The CH has process liquid waste from BEPOM in station of waste water treatment plant (WWTP) which consist of six ponds (cooling pond, acidification pond, facultative pond and anaerobic pond). Based on field observation to WWTP station in BEPOM, it was found that all ponds were satisfactory works and there is no leaking pipes. Processed liquid waste in WWTP later on to be distributed to the permitted areas in BHE, as mentioned in the Decree Letter of Musi Rawas Utara Regent No. 02/KPTS/DPE-LH/2015 dated April 14th 2015 and No. 07/KPTS/DPE-LH/2015 dated September 1st 2015. The permit is valid for 5 years. Effluent has processed on the waste water treatment plant (WWTP). Monitoring of quality effluent, parameter BOD and pH has carried out every month regularly and reported to Environment Agency every three month.

Base on field visit in Belani Elok POM, no indication over flow effluent in WWTP, flow meter was well functioned and there is no issues from stakeholders related to land application. Based on observation to Blok 971108410 division II (BHE), it was found that LA was properly applied on the permitted area.

Laboratory testing of WWTP outlet has conducted by UPTB Environment laboratory (KAN accredited: LP 231-IDN), Environment Agency of Sumatera Selatan. For example, Semester II 2017 report issued in April 2018 informed that parameters measured were under the threshold, required by Decree of Minister of Environment (KepMenLH) No. 28 and 29, year 2003 (BOD <5,000).

Three-monthly reporting of liquid waste has also carried out consistently by the CH. For example, report on 2nd quarter in 2018 were sent to Environment Agency of Musi Rawas Utara District and Sumatera Selatan Province, Centre of Ecoregion Management of Sumatera (PPE) and Ministry of Environment and Forestry.

4.4.4

Procedure to measuring water consumption for FFB processing purposes was presented in Key Performance Indicator. According to the water treatment plant (WTP) record in 2018 records, it was informed that average water consumption May to June 2018 was about 1.25 m³/ton FFB.

Based on field observation to WTP Station in BEPOM, it was informed that water source to be processed were came from Rawas River. Moreover, it was found that flow meters for both mill and domestic measurement purposes were satisfactory works.

Status: Comply

4.5

Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.

4.5.1

The program of IPM was presented in annual budget, while the technical procedures was referred to SOP No. OP 5 about IPM. The activity budgeted on the program were consist of detection, census and monitoring of pests and diseases attack, biological control such as barn owl nest installation and planting of beneficial plants. According to IPM activity records for January to June 2018 such as program and realization of rat census in BEE, rat census in BCE, ganoderma census, leaf eating caterpillar census in BEE, it could be concluded that all the census results were still under its economic threshold. This may lead to zero use of pesticides for pests and diseases control. Furthermore, according to pesticides used record in 2017-2018, agrochemical uses was only implemented for weeds control purposes. Based on field observation on harvesting, spraying and manuring activities, it was concluded that there were no significant pest attacks. This is in accordance with the result of the census.

4.5.2

The company shows the evidence of integrated pest control training recording, as follows:

- Pest and pesticide training on 16 November 2017 and attended by 13 participants at BCE.
- Training and socialization of Integrated Pest Management and pesticide handling carried out at KUD Pemura on 13-15 March 2017 and attended by 36 participants.

Until ASA-3 assessment, the results of observations not found pest attacks above the threshold, so the company is still doing the early observation consistently and since 2017 has never used chemicals for pest control. Based on the results of interviews with spraying workers who had attended IPM training, it is known that the workers understand about how to do census pests and understand the function of the owl is a natural enemy of the rat.

Status: Comply

4.6

Pesticides are used in ways that do not endanger health or the environment

4.6.1

Policy of pests and diseases control through agrochemical/pesticides uses was adopted in SOP No. OP 5 about upkeep on mature palms. Justification of pesticides uses must be based on census results and analysis. The Company has SOP' on selective use of weed-specific products within OP 5.1 Weed Control in Oil Palm. The SOP describes what types of weeds in the plantation area and how to controls and what chemicals are used to selectively target weeds.

In order to avoid weeds resistance through pesticides application, estate management had substitute and rotating the use of pesticides for the same target. For example, in term of woodies control, the use of Gramoxone (paraquat dichloride) could be substitute and/or rotate with Garlon (trichlophyr). Based on interview with pesticides applicators in BEE and BCE office, it could be conclude that the workers are able to explained type of pesticides and its target. The company used *Isopropil amina glyphosate*, *Metil metsulfuron*, and *trichlophyr*, which have received permission from the government.

4.6.2

The company has documented records of pesticide toxicity in the document of Monthly Pesticide Toxicity Data. The document is recorded product name, active ingredients, LD50, percentage of active ingredients, total application, total active ingredients, FFB production and pesticide unit/kg FFB. This document is constantly recorded and updated by Estate Sustainability Officer each month.

4.6.3

The company has implemented integrated pest management in order to reduce pesticide usage. Based on document review and field observation, several IPM program with biological approach has been implemented such as rat control by *Tyto alba* and leaf eater caterpillar control by planting beneficial plant. Moreover, applying selectively spraying and utilize *Nephrolepis bisserata* as the predators host of leaf eater caterpillar. The company has trend chart pesticide use from 2016 to 2018. Based on document review, there is no use of pesticide to control pest and disease in 2016-2018.

4.6.4

The company has a Sustainability Palm Policy which was signed on 7 February 2017 by Indoagri Group's Top Management stating that the company is committed to immediately stop the use of Paraquat pesticides (as well as products containing Paraquat and related compounds). Based on document verification and field visit to pesticide storage, there is no paraquat and WHO Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions application in 2018.

4.6.5; 4.6.7 and 4.6.9

Procedure of pesticides handling, uses and application were presented in SOP No. OP 5.2.2 about guideline of safety pesticides uses. SOP describes level of toxicity, pesticides storage and handling, pesticides mixing, first aid, PPE used and pesticides wastes handling, identification of pesticides excess wastes, empty packaging, adhesive excess, expiredity, packaging damaged, contaminant absorbance materials, cleaner materials, contaminated materials, rinse of sprayer, and waste impact reduction procedure. Furthermore, procedure of pesticide wastes and ex-pesticides containers handling were also presented in SOP waste management No. EMS-WI-8. The SOP describes containers three times washing procedures, reuse of waters, ex pesticides container storage, etc.

There is a training documents about prosedure OP 5.2.2 Guide to the safe use of pesticides, for example on 3 July 2018 at BCE Office attended by 12 people.

The results of field observation in warehouse and interview with pesticide applicator in BEE and BCE, it is known that the employees have been given regular training in safe work practices. This was evidenced by the employee who can

demonstrate the correct way to work in accordance with the procedures including how use and handling the risks in accordance with material safety sheets. There have been sheets of safety work (MSDS) and the symbols of hazardous and toxic materials are properly installed on the walls and doors of warehouse, but employees understanding of the functions of MSDS needs to be improved (OFI).

The applicator pesticide also using personal protective equipment in accordance with specified hazard identification and material safety data sheet such as mask, gloves, safety shoes, apron and googles. In addition, employees are also informed about the steps of secure work in each roll call in the morning before work. Meanwhile, the spraying workers interviewed also claimed that after spraying they will be washing up and drying up the PPE and spraying tools (sprayer tank, jerry, etc), and taking shower/changing clothes in special place near pesticide store of the division office. Therefore based on field observation to mixing area in BEE, that known there are storage for keeping all PPE's and spraying tools after use.

4.6.6 and 4.6.10

Procedure of hazardous material storage and hazardous waste materials (include pesticide) management were still use the same standard, which is presented in document of SOP No. OP 5.2.2 and No. OP 5.8, respectively. Based on field observation to agrochemicals warehouse in BEE and BCE, it was found that the pesticides has stored properly, based on its type, brands, first in first out (FIFO), etc. Balance record has also available. Furthermore, based on field observation to housing complex of BEE and BCE, it could be concluded that there were no use of ex pesticide and hazardous materials containers for domestic purposes such as waste containers and flower pot.

4.6.8

Based on a review of documents and interviews with management staff, the company did not perform the application of pesticides from the air.

4.6.11

The company has list of pesticide operator based on latest data of July 2018 as many as 20 workers for BEE and 9 workers for BCE. Medical examination (cholinesterase) has been conducted on 19 December 2017 to all pesticides workers in BEE and BCE. The result of medical examination is informed to the workers and all pesticide operators are in a healthy condition (normal result). And also, based on interview with the workers, it is known that they are never get experience of occupational injury which caused by chemical such as irritation.

4.6.12

The company shown the SOP No. OP 5.2.2 about guideline of safety pesticides uses. One chapter describes pregnant and lactating women prohibited from working in places associated with pesticides. Based on interview with female spraying worker in BEE and BCE, it is known that company is not allowed pregnant and breastfeeding female worker to work on pesticides related. To identify whether the workers are pregnant or not, is from the menstrual leaving monitoring or from pregnancy test and examination every 3 month. Audit team also got information that the personnel have understood that female personnel cannot work with chemical material if they are pregnant or breastfeeding.

Status: Comply

4.7

An occupational health and safety plan is documented, effectively communicated and implemented.

4.7.1

The company has a policy related to occupational safety and health in OHS Policy PT PP London Sumatra Indonesia Tbk, which was signed by the President on 13 June 2006. Safety Health commitment to provide protection for workers and others who are in the workplace and working environment so that it can be used safely and efficient. Policies have been written with the appropriate language and includes prevention against health and safety risks in the workplace. Management have work program of occupational health safety every year. Realization of the program of work will be monitored through regular meetings Guiding Committee of Occupational Safety & Health every month. This work program applies generally to all workers in the workplace. If the plans have been made yet on target then will be evaluated in the management review to assess effectiveness.

Interviews were conducted to estate workers (harvesters, manuring workers and pesticides applicators) and mill workers (boiler operator, engine room operator, etc). Based on the results of interviews can be concluded that workers understand the OHS policy and it's recognized that every morning meeting is always affirmed about the importance of safety and the use of PPE in work.

4.7.2

The company shown the document of hazard identification, risk assessment and risk control which issued on January 2018. It will be reviewed if any occupational accident happen. The document describes the description/activity, potential hazards, risk assessment and risk control. Based on site observation at workshop and agrochemical warehouse in BEE and BCE, it was clearly confirmed that workers had been aware related potential risk and hazards in the work place. Following up on this, the company has been reduce the potential risk by routine socialization about OHS, providing PPE, and OHS signboard are available in workplace.

4.7.3

Based on documents verification and interviews, it is known that all operators at Belani Elok POM, BEE and BCE already have lisenze such as boiler operators, lift carrier operators, welders and electrical technician. Based on field visits and interviews with workers, the company has provided PPE to workers. PPE for type of glove, ear plug, helmet, apron and safety shoes can be replaced immediately if damaged. This is evidenced by shown the recording of PPE distribution documents to the workers and the workers recognition from interviews also confirmed it.

4.7.4

The company already has persons that responsible for the OHS program within the organizational structure of Committee of Occupational Health and Safety (P2K3) established in each management unit. The organization routinely conducts monthly meetings on OHS issues in the workplace. The documentation of the meeting were recorded and stored well. Based on interviews to workers who are members of the P2K3 organization it is known that monthly meetings are always routinely conducted to discuss about OHS such as consistency of PPE usage, work accident report, fire simulation, checking of emergency response equipment, OHS sign board, cleanliness of work area, etc.

4.7.5

The company has Work Accident Emergency Handling procedures contained in document P-12 and Emergency Handling procedures contained in document P-10 dated January 10, 2007. The document is available in Indonesian language. Emergency procedures covering fire, explosions, natural disasters (floods, earthquakes, hurricanes, storms, landslides, etc.) and mass riots/sabotage.

Belani Elok POM, Belani Elok Estate and Batu Cemerlang Estate has already licensed first aid officers and there was first aid internal training conducted on 6 July 2018 in Batu Cemerlang Estate which was attended by 18 participants.

Based on observations on the completeness of the first aid contents in Belani Elok Estate (pesticide warehouses, workshops, fertilizer warehouses, and harvest foremen) and in Batu Cemerlang Estate (warehouses, workshops, hazardous waste storage, harvest foremen, and weeding foremen) it is known that the first aid box contents are less than 21 items specified. Based on this, the company has not been able to show the completeness of the first aid contents in accordance with the set amount. **This becomes Nonconformity NCR 2018.02 with a minor category.**

4.7.6

Based on the Collective Labour Agreement (CLA) that workers have the right to receive medical care and be protected by the accident insurance. The management unit show proof of payment of Health and Employment Workers Social Security Agency (BPJS). Payments are made every month by percentage according to the regulation.

Based on interviews with Belani Elok POM, Belani Elok Estate, and Batu Cemerlang Estate employees, concluded that all employees were aware of the medical service procedures in the event of an accident or illness. All employees interviewed also claimed to have a health BPJS card, if they went to a company clinic there was no fee at all.

4.7.7

The company is still consistent in monitoring the recording of occupational accidents by calculating the lost time accident

(LTA). Recapitulation of work accidents with a formula to find the level of severity and frequency of accidents. This document informs the time period, the number of working days, the number of non-effective working days, overtime, hours of work in total, the number of accidents, the number of working days lost, hours of work a year, the number of accidents a year, lost days a year. Calculation of SR and FR is reviewed regularly and monitoring will be evaluated at the monthly meeting of Committee of Occupational Health and Safety.

4.7.5 Status: Nonconformity NCR 2018.02 with a minor category
4.8

All staff, workers, smallholders and contractors are appropriately trained.

4.8.1

CH has training program for workers for period of 2018 for operational training. The aspect in the training program are such as environment, labor best management practice aspect, and others. Some of training program, namely:

- First aid training in October 2018
- IPM training in March 2018
- Emergency response training in May and October 2018
- Welder training in October 2018
- And others

Based on interview with worker in estate and mill, they have received some training related to their work, such as work procedure training, emergency response, and first aid training. The training has been documented into minutes of meeting, list of attendees, and photo activity.

4.8.2

Company has showed the documentation of training or socialization whether it is internal or external training in form of minutes of meeting, list of attendees, and photo activity. For example:

- Emergency response training in Batu Cemerlang Estate on 10th November 2017 attended by 21 participants
- Forest and land fire control training in Batu Cemerlang Estate on 31st May 2018 attended by 16 participants
- Socialization of PPE usage, environment and OHS to contractor on 2nd July 2018 in Belani Elok POM attended by 8 participants

Status: Comply
PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity
5.1

Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

5.1.1 and 5.1.2

The CH shows several environment document as required by Government Regulation (PP) No. 27 year 1999 and Minister of Environment Regulation (PermenLH) No. 08, year 2006, as follows:

- Revision ANDAL of plantation and oil palm processing factory with capacity 60 ton FFB/hours in Muara Lakitan, Karang Dapo and Rawas Ilir Sub-District, Musi Rawas District, Province of Sumatera Selatan, in July 2003.
- RKL/RPL study, issued by Bapedalda No. 660/398/Bapedalda/2003 dated July 22nd 2003. Scope of study has covers plantations which totalling about 38,711.80 ha (18,559 ha in Muara Rupit and 20,152.80 ha in Bingin Teluk), smallholders for 18,999.60 ha (8,434.30 ha in Muara Rupit and 10,565.30 ha in Bingin Teluk), and 2 units of palm oil mill with capacity each of 60 ton FFB/hours.

According to document reviews, it could be concluded that scope of study has covers building new roads, processing mills, infrastructure, replanting and/or expansion of planting areas, management of mill effluents, environment, etc. furthermore, area of study were in accordance with PT PP Lonsum BEPOM, BEE, BHE, KBE, BCE and SKE operational areas. Up to 2017, there is no change of operational areas. Several aspect which need to be managed and monitored are erosion of areas with slope ranged from 0-15 %, water quality, air quality, fire potential during drought season, protected

flora and fauna, social surrounding communities' fidgetiness, working opportunity, community income improvement and public community health. Moreover, Letter of Environment Agency No. 660/056/BLHD/2012 dated January 25th 2012 mentioned that additional aspect which need to be managed and monitored are air quality, nosy and odor, hydrology and water quality, and soil quality.

Based on interview with Environment Agency of Musi Rawas Utara District, it was stated that the CH has committed to fulfill its obligation towards RKL/RPL requirements.

5.1.3

Implementation of environmental monitoring was described in RKL-RPL implementation report. Based on the RKL-RPL implementation report of semester 2 of 2017 known there isn't negative impact caused by CH. The result of mill effluent quality testing that conducted periodically has been accordance with the standard qualities set by the government. Interview with environmental agency of Musi Rawas Utara district show that CH has been submit the RKL-RPL implementation report every six month and there isn't negative impact caused by CH.

Status: Comply

5.2

The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced

5.2.1

HCV assessment has been carried out in 2006 by Aksenta, which was in line with HCV toolkit June 2008. Moreover, HCV identification has involving WWF, local community and indigenous ethnic group of Anak Dalam. RTE species identified are Sumatran Tiger, Honey Bear and Tapir. HCV assessor team has found tiger footprints and sound in Divisi 3 BCE around Keperes and Celau River. Furthermore, Bear and Tapir were found through its claw marks on the trees in north west of KBE 203 around Celau and Kulim River. All species identified above later on to be monitored, recorded and reported by the CH every semester in RKL/RPL report.

5.2.2

The company has HCV management plan document period of 2018, the program consist of :

- Riparian area management (HCV boundaries marking and maintaining, marking of chemicals application borders, HCV socialization to surrounded community and workers, planting of erosion control plants and HCV area patrols).
- Management of RTE species
- To conduct species identified protection.
- Training to Environment Division Employees.
- Security patrol.
- Regular monitoring, recording and reporting as shows in RKL/RPL report.
- Coordination with the respective government Agency (Province Forestry Agency through BKSDA) by informing the existence of identified species.

Based on field visit on HCV area Field 11111520 (BCE) and block 104D (BEE) is HCV 4.1 riparian Terentang and riparian Celau, known that the company has carried out the management and maintenance of HCV area in accordance with management plan, for example signboard HCV installation, marking of chemicals application, and signboard RTE Species and in riparian Terentang and riparian Celau.

HCV areas has been managed well and In accordance with the management plan by the company. The company was able to shows monthly monitoring of Fauna report and monitoring/maintenance of marking poles HCV in BCE and BEE which conducted monthly. It was reported that there were no conflict between human and wildlife.

5.2.3

The CH shows records of identification and monitoring of flora and fauna, as well as its status according to Government Regulation (PP) No. 7, 1999; IUCN and CITES. The CH has also shows information board of RTE/protected species which exist within company operational areas, as well as its installation on the field. The board has informed as follows

picture and RTE species name (both local and scientific), statement which mentioned that catching, hurting, killing, keeping, own and selling the RTE species are strongly prohibited and description of 5 years in jail and summon for about IDR 100 million as mentioned in Law No. 50, 1990 about Natural Resources Conservation and Ecosystem.

The CH has conducting socialization of HCV and RTE species to employees and local communities. For example, socialization in BEE and BCE has conducted in May 2nd 2017 and January 23rd 2017, respectively. Understanding of protected animals for resident housing complex Division 1 BEE needs to be improved. **OFl**.

5.2.4 & 5.2.5

Monitoring of RTE species has been conducted routinely (every semester), the monitoring result will be the input in the next monitoring plan. The CH was able to shows evidence of receipt note document of flora and fauna identified in to relevant Agency. Monitoring of RTE species has been conducted routinely, the monitoring result will be input in the next monitoring plan.

Management unit has shown monitoring record on HCV areas where overlapped with the locals. For example, there were 5 claimant in Bukit Hijau Estate. Furthermore, management plan towards those overlapped areas were available.

Management unit has shown identification of monitoring HCV areas which overlapped with local rights through all the estates. Monitoring record informed that there were 7 claimants in HCV areas. Letter of Agreement with all claimants were available.

Status: Comply

5.3

Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.

5.3.1

The CH has identified pollution and emission sources from all operational areas. For example, waste produced from Generator Station are lubricant, filter, battery and emission. Mitigation management need are to store it on permitted hazardous waste warehouse, monitoring and emission measurement.

5.3.2

The CH has hazardous waste warehouse permit i.e.:

- Hazardous Temporary Storage Permit from Musi Rawas Utara Regency Number 06 / KPTS / DPM-PTSP / 2018 for Belani Elok POM issued March 8, 2018 is valid 5 years.
- Hazardous Temporary Storage Permit from the Musi Rawas Utara Regency Government September 23 2014 is for Batu Cemerlang Estate.valid 5 years.

The CH has cooperation with permitted hazardous waste collector namely PT Dame Alam Sejahtera Number.001/SPK/DAS-LSI/V/2017 valid June 2 2019.

Record management Hazardous Waste, included in reporting management hazardous waste quarter period January to March 2018 addressed to environment agency. The Training And socialization to spraying workers, about ex pesticide container disposal. All discarded containers of chemicals generated by Estate and Mill, placed in hazardous waste warehouse.

The company has hazardous waste management procedures (SOP EMS-P14 Management of Hazardous and toxic waste, June 2 2011), however based on field visit the following evidence was found:

- Utilization hazardous waste, of used oil drums as water reservoirs, Division I & Division III (BEE) housing complex.
- Utilization hazardous waste, of used oil drums as trash bins, by workshop BEE.
- Utilization hazardous waste, of used oil drums and used jerry cans boiler chemical (Zi-Chem) stored in the warehouse of used materials BE-POM.
- Used paint cans used as a place to wash hands in WWTP pond operator post.
- Utilization B3 waste in the form of used oil drums as a fence in the WWTP pond.
- Used oil filters disposed in front of generator room, the housing division III BEE.
- Hazardous Material (Klerat) whose has been damaged is stored in the BEE pesticide warehouse.

- Medical waste stored in office kitchen. (BEE)

This is Non-Compliance 2018.03 with category major.

5.3.3

Management of hazardous waste program was presented in procedure No. EMS-WI-8 about waste management, as follows:

- Hazardous waste to be sent and placed to the permitted hazardous waste warehouse.
- Medical/infectious waste from clinic to be sent to hospital with permitted incinerator, as presented in document letter of medical waste delivery dated July 7th 2017.
- By products has used for nutrient cycle.
- By product has used for energy sources.
- Domestic waste: sent to landfill and digged up.
- Agronomy and domestic waste are prohibited to be burned.

The company has waste management procedures (EMS-WI-8), however base on field visits known domestic waste burning activities housing complex division I & III BEE. CH has not been shown implementation of disposal and management for domestic waste in accordance with the procedures. **This is Non-Compliance 2018.04 with category minor.**

5.3.2 Status: Nonconformity No. 2018.03 with major category

5.3.3 Status: Nonconformity No. 2018.04 with minor category

5.4

Efficiency of fossil fuel use and the use of renewable energy is optimised.

5.4.1

The Company already maximizing the use of renewable energy (fibre & shell) as boiler fuel. For example use of shells and fibre in June 2018 was 10,364,122 kg, which produce 921,634 kWh of electricity from turbine. Renewable energy use per ton of palm product in the Belani Elok POM is 0.06 kwh / ton FFB. Result Direct fossil fuel use is 13,531 / ton FFB. The CH has no plan to develop biogas plant in the near future.

Status: Comply

5.5

Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

5.5.1 and 5.5.2

The company has zero burning policy which are explained on:

- SOP OP 2.8 Point 3 about Land Preparation – Strategies and parameter. This SOP explains about flame usage with any means is prohibited. As in the land preparation activity on new development area and/or replanting.
- SOP OP 5.8 about Waste Management – on point 3. This SOP has policy for “Prohibited using fire (burning) for domestic waste and Agronomy Waste”.

Based on the policy, the company does not apply land clearing by burning. Based on the document verification and field visit in BEE and BCE, there is no land clearing or replanting activity after ASA-1 RSPO assessment.

Status: Comply

5.6

Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

5.6.1

CH has identified sources of pollution in estate and mill operations. The identification result has been incorporated document identification sources of waste and pollution year 2018 such as used lamp come from temporary hazardous storage, oil spill come from generator and emissions / smoke that comes from generator.

5.6.2

The Company periodically per 6 months has been testing the sources of emissions and pollutants, as indicated by the test results semester 2 years 2017 with test results that are below the threshold. Based on field interviews obtained information that CH have a fertilization work plan based on recommendations from the company and spraying activity schedule. In addition, CH also has a wash facility for spraying equipment and Zero burning during land clearing.

5.6.3

Available proof of delivery of GHG RSPO performances as follows: Belani Elok POM, dated April 02, 2018.

Summary of Net GHG Emissions period July 2016 – June 2017 i.e.:

Emissions per product	tCO ₂ e/tProduct	Extraction	%	Production	ton/year
CPO	1.46	OER	22.17	FFB Processed	189598.76
PK	1.46	KER	6.07	CPO Produced	42033.69

Land Use	ha
OP planted area	10823.11
OP Planted on peat	-
Conservation area	507.64

Summary of Field Emissions and Sinks

	Own Crop			Group		3 rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions									
Land conversion	88570.68	12.12	1.21	19643.73	7.12	-	-	-	-
*CO ₂ emissions from fertilizer	374.57	0.05	0	129.51	0.5	-	-	-	-
**N ₂ O emissions	1647.41	0.2	0.02	43.12	0.2	-	-	-	-
Fuel consumption	1812.22	0.25	0.02	422.3	0.15	-	-	-	-
Peat Oxidation	1359.54	0.17	0.02	0	0	-	-	-	-
Sinks									
Crop sequestration	66867.79	-9.36	-0.94	25836.79	-9.36	-	-	-	-
Conservation Sequestration	0	0	0	0	0	-	-	-	-
Total	26896.63	3.42	0.34		-2.03	-	-	-	-

Summary of Mill Emissions and Credits

	tCO ₂ e	tCO ₂ e/tFFB
Emissions		
POME	25421.12	0.13
Fuel consumption	854.51	0
Grid Electricity Utilization	0	0
Credits		
Export of Grid Electricity	-899.27	0
Sales of PKS	-1768.8	-0.01
Sales of EFB	0	0
Total	23607.56	0.12

Palm oil Mill Effluent (POME) Treatment

Divert to compost	0,00 %
Divert to anaerobic digestion	100 %

POME Diverted to Anaerobic Digestion:

Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0,00 %
Divert to methane capture (electricity generation)	0,00 %

Base on document verification, CH has been done calculations emission with RSPO Palm GHG Calculator Version 3.0.1 with data input correctly.

Status: Comply

PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills

6.1
Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.

6.1.1 and 6.1.2
 The Community Development Officer has conducted a Social Impact Assessment / SIA study in April 2015 involving local communities. Then in July 2016 the company conducted a SIA involving smallholders. SIA documents have identified the positive and negative impacts of the company's operational activities, such as: providing employment and business opportunities to local communities, increasing incomes, education and public health, social jealousy, reduced farming, increasing theft, etc.

CH showed the documentation of Social Impact Assessment, for example consultation to Batu Kucing Village on 10th April 2015 and interview with smallholder on 1st July 2016.

Based on interview with representative of Tanjung Raja & Pauh Village, it is known that the villagers feels their involvement in social impact management is less. Then, based on interview with management representative and document review, showed the questionnaire about social impact management to representative of the village. And also, the village head which auditor interviewed is the new one. Other than that, there is no social impact which is not identified.

6.1.3, 6.1.4, and 6.1.5
 Plan to reduce the negative impacts are listed in the 2018 CSR / Solidarity Program Plan. The officer who carried out the identification was part of the CDO. The CSR programs is made based on the results of interviews with village head conducted in 2017, for example interviews with the Tanjung Raja village head on February 1, 2017 and with the Pauh I village head dated February 10, 2017. And also, the realization of the program has been implemented, such as Palm stick webbing training and Beads training to increase the economy of the village.

The program will be reviewed every two year by interview with head of surrounding village. The result of the social monitoring is to increase and maintain the assistance for village. Social impact assessment has include smallholder.

Status: Comply

6.2
There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

6.2.1
 CH has Communication Procedure (EMS-P05) which explain the communication mechanism to stakeholder in order to implement the corporate transparency. The procedure is available in Bahasa Indonesia and English. This document can be accessed by public through notice board and company's website.

Based on interview with Statutory Bodies in Musi Rawas Utara Regency and Pauh and Tanjung Raja Village, it is known that they understand how to communication and consultation with PT Belani Elok.

6.2.2, 6.2.3

Person in charge for communication and consultation is Community Development Officer (CDO). The PIC will be responsible in maintain good relation with stakeholder, assist the estate in the process of taking data to the village, assist the estate to deliver what programs have been carried out by the company, helping the estate find new information that is developing in the community today concerning the company, and others.

CDO also make list of stakeholder including local communities and affected parties or other interested parties. The latest list of stakeholder updated on 30th July 2018, consist of statutory bodies, local communities, worker organization, and local NGO. All communication from stakeholder is documented, such as in document "Ekspedisi Surat Masuk Belani Elok Estate". The incoming letter from stakeholder such as visit permit and requests for financial assistance, heavy equipment assistance, infrastructure improvements.

Status: Comply

6.3

There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.

6.3.1

CH has a mechanism of complaint and grievance handling in Internal Memorandum from HR Director No No.028/HRD/CIR/2011. The person in charge for complaint handling is field assistant for internal complaint and Legal Department for External complaint. Based on interview with worker in Belani Elok POM, Belani Elok Estate, and Batu Cemerlang Estate, it is known that workers understand how to deliver their complaint if any. Based on interview with representative of Pauh and Tanjung Raja Village, it is known that they understand the mechanism to deliver their complaint if any.

6.3.2

There were no external complaints submitted during the period of 2018. Internal complaint from internal is documented in "Buku Komunikasi". For example, complaint on 18th July 2018 about security guard post. This complain has responded by company on 27th July 2018 by made the payment for establishing the security guard post as requested. The security guard has been established in Belani Elok Estate.

Status: Comply

6.4

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

6.4.1, 6.4.2 & 6.4.3

The company has had the SOP of land acquisition and compensation which approve on 1 December 2012. The procedure has been explained that the land acquisition process is conducted with the involvement of local communities and the people entitled to compensation is the people who have *Surat Pengakuan Hak/SPH* which approve by head of village and head of sub district. Public consultation with the communities around known that the process of land acquisition has been conducted by involving the communities, the village authorities, landowners, the neighbouring parties and the company. According to interview with communities and document review showed that latest land compensation conduct in 2013. The process and the agreement of land acquisition has been documented by the company and stored by the legal department. Documentation of land acquisition has involved land owners, the neighbouring parties and village authorities.

Status: Comply

6.5

Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

6.5.1

CH has copy of Sumatera Selatan Governor Decree No 684/KPTS/DISNAKERTRANS/2017 about minimum wage of Sumatera Selatan Province. The minimum wage for Sumatera Selatan Province period of 2018 is Rp 2,595,995. Company issued internal memorandum about wage adjustment for daily and monthly permanent worker. Basic wage for daily permanent worker is Rp 2,641,000 and basic wage for daily temporary worker is arranged in work agreement.

CH showed wage documentation for each unit. Based on document verification, the basic wage is in accordance with applicable regulation. The adjustment of 2018 basic wage is done in May. For example: daily wage for daily temporary worker is Rp 109.000. Wages documentation from Belani Elok POM showed that basic wage for daily permanent worker is Rp 2,641,000 and overtime payment is in accordance with applicable regulation.

Based on interview with the harvester and committee of worker union, there were no complaint about working hours. The payment is based on tonnage. There is no complaint about wages payment too. Based on interview with worker in Mill and Estate, there is no complaint about wages. It is in accordance with Governor Decree applicable.

6.5.2

CH showed work agreement (contract) between daily temporary worker in Belani Elok and Batu Cemerlang Estate and company which describes about type of work and salary, duty and responsibility, work hour, health and medical, work termination, and others. Contract is written in Indonesian Language and workers are understood the substance of the contract.

CH has collective labor agreement between PT PP London Sumatra Indonesia Tbk and SPSI PT PP London Sumatra Indonesia 2016 – 2018. The collective labor agreement is ratified on 29th July 2016 through Head of Manpower and Transmigration Agency of Sumatera Selatan Province Decree NO. 1840/SK/NAKERTRANS/2016. This document is regulated about company and worker responsibilities, recruitment process, promotion and demotion, work time management, payment system, social insurance, contract termination, and so on. Based on interview with the worker, it is known that they understand about worker's rights and obligation as written in collective labor agreement. It has been socialized to the worker by management representative.

Based on interview with board of worker union, extension of collective labor agreement validity period is in progress. The old one is still valid.

6.5.3 & 6.5.4

Based on field observation in housing complex in Belani Elok and Batu Cemerlang Estate, it is known that CH has been providing housing facilities, lighting and water, places of worship, school buses, clinics and educational facilities. Based on interview with the residents, it is known that there is no complaint related to housing facilities. The facilities provided by the CH is adequate. And also it is known that one house is occupied by one family and the condition of housing is still in good shape. Adequate food supply can be accessed by the nearest market in Belani Village and Mekarsari Village. Moreover, there are some kiosk in housing complex. Personnel can get the staple food with reasonable price.

Status: Comply

6.6

The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

6.6.1

The policy related to form and join worker union is listed Code of Conduct Chapter 3.3.2.1 which stated LONSUM respects the right of every employee to associate and gather and become a member of the union or not. The policy is written in Bahasa Indonesia. Based on interview with representative of worker union from Belani Elok POM, it is true that company is giving freedom for worker to establish a worker union. And also, CH did not give any intervention related to worker union activity. The worker union has been registered to Labor Agency of Musi Rawas Utara Regency.

6.6.2

The worker union conducted internal meeting periodically or where there is an issue with company or the member of union. There are meeting documentation, such as minutes of meeting on 2nd April 2018 about management coordination

meeting with SPSI attended by 4 participants and 23 rd April 2018 about adjustment of basic wages attended by 19 participants. The documentation is available in office unit and available for member if they were asking.		
	Status: Comply	
6.7 Children are not employed or exploited.		
6.7.1 Based on internal memorandum from HR Director No 006/HRD/CIR/1/2014, the minimum age for new worker recruitment is 18 years old. Based on document review and field observation, there are no workers under 18 years old. Based on public consultation with Manpower Agency of Musi Rawas Utara Regency and field observation in estate and POM, there is no issue regarding child labor. Based on interview with worker in estate and POM, they know the minimum age to work in the company. Based on field observation in estate, auditors did not sighted any harvester accompanied by their wife or children.		
	Status: Comply	
6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
6.8.1 & 6.8.2 CH has policy related to nondiscrimination and equal opportunity listed on Code of Conduct chapter 3.3.2.1 which stated that LONSUM rejects all forms of discrimination because of differences in ethnicity, religion, race, nationality, age, marital status, disability, gender, and other forms of discrimination. All workers are treated equally and have equal opportunity. Based on field observation and interview with spraying and manuring female worker, it is known that there is no issue or complain from worker regarding discrimination. Also, information from board of worker union stated that there is no issue related discrimination. The workers that has been interviewed is came from various social origin, race, and religion.		
6.8.3 CH kept the personal file of each worker in estate office. Based on interview with management, the recruitment is conducted through the company requirement. The new recruitment is conducted in accordance with the procedure. It is based on skill, capabilities, and health condition for all workers. Worker promotion, mutation or demotion is done through the employee performance assessment. Company showed documentation of employee promotion, such as latest work agreement.		
	Status: Comply	
6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1, 6.9.2, 6.9.3 Policy related to Sexual Harassment is regulated in Code of Conduct chapter 3.3.2.4 which stated employees have the right to work in an environment free of all forms of intimidation, harassment and torture. Based on interview with female worker in Belani Elok Estate, it is known that they understand the policy. It is also known that they understand the mechanism of complaint submission. Also, interview with committee of Gender Committee in estate and mill, it is known that there is no issue or complaint related to sexual harassment on the workplace.		
CH has formed gender committee for handling the harassment issue around female workers. Complaint can be submitted to board of bipartite cooperation, gender committee, or their foreman. Based on interview with the board of gender committee, the company provides the female worker with pregnant and nursing leave for about 3 months. Pregnant and nursing female worker is prohibited to work related to chemical. And also, CH give special breast feeding time for female worker, but prohibit the worker from working with chemical material. Based on interview with female workers found that a few workers not considered the member of gender committee, the Socialization of the existence of the Gender Committee to all employees of PT Belani Elok became opportunity for improvement (OFI).		
	Status: Comply	
6.10		

Growers and mills deal fairly and transparently with smallholders and other local businesses.
6.10.1

Company able to show "FFB Price Document" from Plantation Agency of South Sumatera Province in June 2018 (period III). Price fixing is based on CPO and Kernel prices and also adjusted for age of the plant. In the document explained that the price of FFB for the period I (1 to 15 June 2018) between IDR 1,397.98 - 1,461.17 / kg. This FFB price document has been known by smallholders and KUD and can be accessed directly at the Plantation Agency in South Sumatera Province.

6.10.2

From the document "FFB purchase report" period 1 – 15 May, 2018 known KUD name that do transaction such as: KUD Jaya Makmur, KSU Matahari K.AK Jaya Makmur, KUD Giri Mulya K.A.K Sumber Rejeki, KUD Shinta A.K.A. Sumber Rejeki, KUD Citra Mandiri AK. KUD Sumber Rejeki,

The company able to show "FFB Document Price" from Plantation Agency in South Sumatera Province for June 2018 (period I). Price fixing is based on CPO and Kernel prices and also adjusted for age of the plant. In the document explained that the price of FFB for the period I (1 to 15 June 2018) between IDR 1,397.98 - 1,461.17 / kg. This FFB price document has been known by smallholders and KUD and can be accessed directly at the Plantation Agency in South Sumatera Province.

6.10.3

The company has an agreement contract with KUD or plasma, for example as follows:

- KUD Sumber Rejeki, created on 2 October, 2017. (Number. SPK DMR/03/X/2017).
- KUD Jaya Makmur, created on 2 October 2017. (Number. SPK DMR/02/X/2017)
- KUD Fajar Sidik created on 2 October 2017. (Number SPK DMR/07/X/2017).
- KUD Karya Bersama, created on 2 October 2017. (Number SPK DMR/01/X/2017).

Each contract document, signed by both parties as evidence that a work agreement has been agreed. Contract agreement documents are kept by both parties, which will be used as legal references.

6.10.4

The PFC Department sends the FFB Plasma Payment Schedule annually in the form of Internal Memo PFC Manager to Region and POM, for example: Document Number. 01/PFC/REG/II/2018 on February 23, 2018 to schedule payment of FFB smallholders in 2018.

For example, payments to the smallholders (Mauzenko) for FFB production on 1-15 June 2018, has been processed PFC on July 3, 2018 with the date of payment July 3, 2018. Transfer of evidence Mauzenko dated July 3, 2018 from Bank Central Asia Indocement Sudirman in Jakarta to Bank Rakyat Indonesia Unit Bumi Makmur, Lubuk Linggau District.

Status: Comply	
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6.11
Growers and millers contribute to local sustainable development wherever appropriate.
6.11.1

The CH prepared the CSR program based on inputs received from community around.

CSR program and documentation of its implementation sighted during the audit and kept Community Development Officer. The program includes:

- Scholarship for junior high school students
- Palm stick webbing training that will be conducted every 3 months
- Beads training that will be done every 1 month
- Infrastructure and environment
- And others

6.11.2

The company has contributed to increasing the productivity of smallholder farmers, for example providing best practice

training, such as:

- GAP training for Sumber Rezeki Cooperative on 24th May 2017 attended by 49 participants
- GAP training for Pemura Desa Bina Cooperative on 13th March 2017 attended by 36 participants

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1; 6.12.2; 6.12.3

Based on document review, field observation, and interviews with worker and stakeholders, it is known that there is no migrant labor, including forced labor and illegal labor. The recruitment is done according to the company's procedure. All workers have work agreement that explain about the obligation and rights of the worker, and other provision. They work based on the contract and work order. Based on field observation and interviews with the workers in Estate and Mill, it is known that there is no discrimination among them. They came from local and nonlocal worker. Based on field observation in estate, auditors did not sighted any harvester accompanied by their wife or children. Based on interview bipartite cooperation member, there is no issue related to force labor.

Based on interview with the harvester and committee of worker union, there were no complaint about working hours. The payment is based on tonnage. If they did not get the tonnage after working hours is out, they will be paid by daily payment.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

CH has policy on human rights listed on Code of Conduct chapter 3.3.2.1 which stated LONSUM obeys every law and regulation attached to labor and respects the human rights of employees, directors, and commissioners. The policy has been socialized to the workers and contractor, for example on 20th April 2018. Based on interview with worker in estate and mill, they know and understand about workers' rights. And also, from consultation with internal stakeholder (worker union), it is known that there is no complaint related to human rights violation. If there was a complaint, the complaint can still be resolved by amicable way between employees.

Status: Comply

PRINCIPLE #7 Responsible development of new plantings

7.1

A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

7.1.1; 7.1.2 & 7.1.3

The results of document review, field visits and interviews found that company did not expand or conduct new planting since the last assessment (ASA-2, 2017).

Status: Comply

7.2

Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

7.2.1 and 7.2.2

The results of document review, field visits and interviews found that company did not expand or conduct new planting since the last assessment (ASA-2).

Status: Comply

7.3

New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

7.3.1; 7.3.2 and 7.3.3

The document review showed that CH is performed land clearing after November 1, 2005 without preceded by the identification of HCV. HCV identification was conducted on 2006. PT PP London Sumatra (LONSUM) has conduct disclosure of liability to RSPO by email on 19 September 2014. The management unit has demonstrated the results of the LUCA study for all of the estate in the scope of certification and proof of delivery to RSPO conducted on 7 September 2017. Management unit show email from RSPO on 27 September 2017 that stated PT London Sumatra has no development without HCV assessment since Nov 2005. Based on the evidence **Non-Conformity No. 2017.06 is closed.**

7.3.4 and 7.3.5

The results of document review, field visits and interviews found that CH did not expand or conduct new planting since the last assessment (2016).

Status: Comply

7.4

Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

7.4.1 and 7.4.2

The results of document review, field visits and interviews found that company did not expand or conduct new planting since the last assessment (ASA-2).

Status: Comply

7.5

No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

7.5.1

Based on documents review, interview and field visits at CH, it is known that CH did not expand the operational area and there is no more land clearing activity since the last assessment (2017).

Status: Comply

7.6

Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

7.6.1; 7.6.2; 7.6.3; 7.6.4; 7.6.5; 7.6.6

Based on documents review, interview and field visits at CH, it is known that CH did not expand the operational area and there is no more land clearing activity since the last assessment (2017).

Status: Comply

7.7

Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

7.7.1 and 7.7.2

The company has zero burning policy which are explained on:

- SOP OP 2.8 Point 3 about Land Preparation – Strategies and parameter. This SOP explains about flame usage with any means is prohibited. As in the land preparation activity on new development area and/or replanting.
- SOP OP 5.8 about Waste Management – on point 3. This SOP has policy for "Prohibited using fire (burning) for domestic waste and Agronomy Waste"

The results of document review, interviews and field visits (BEE and BCE) found that company did not expand or conduct new planting since the last assessment (ASA-2, 2017).

	Status: Comply	
7.8 New plantation developments are designed to minimise net greenhouse gas emissions.		
7.8.1 <p>It was informed by CH management unit that there were new planting in BHE on 2015 for about 11.82 ha. Regarding this matter, the CH shows carbon stock and greenhouse gasses emission study in 2015, conducted by Dr. Nyoto Santoso from Bogor Agricultural University (IPB). Method of IPCC 2006 was adopted to calculate the subject report. The report informed that from total 3,762.52 ha of BHE, total CO₂ emission of land use change for period 2005 to 2015 was about 5,516.41 ton C. Biggest change was due to conversion from mixed garden forest. According to overlapping map of BHE operational areas and carbon stock study, it was informed that the particular of land cleared area (11.82 ha) was located in two type of land, i.e. mix garden and old shrubs which covers about 3.95 ha and 7.87 ha, respectively. Total stock Carbon for new planting areas in 2015 (11.82 ha) was about 280.39 ton C with average 23.72 ton C/ha. Highest density of Carbon Stock was identified in mix garden for about 41.10 ton C/ha.</p> 7.8.2 <p>Management has mitigation program towards GHG emission such as by products uses for nutrient cycle, by product uses for energy sources, maintenance of production and transportation devices, zero burning during land clearing, pesticide and fertilizer application as recommended by Agronomist team and planting of trees.</p>		
	Status: Comply	
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity		
8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.		
<p>The company has been implementing commitment to continual improvement, such as:</p> <p>Environment aspect, for example</p> <ul style="list-style-type: none"> • Effluent management and monitoring. WWTP pond management, effluent quality test and report it to Musi Rawas Utara District Environment Agency. • Air quality management and monitoring. Road maintenance, air quality test and report it to Musi Rawas Utara District Environment Agency. • Ground water management and monitoring. Testing ground water quality and report it to Musi Rawas Utara District Environment Agency. Hazardous waste management. Storing hazardous waste at the permitted hazardous waste, managing and monitoring hazardous waste. <p>Social aspect</p> <ul style="list-style-type: none"> • Carry out the CSR to surrounding community • Involve the community in managing social impacts <p>Aspects of Best Management Practices:</p> <ul style="list-style-type: none"> • Control of rat pests using owl predators (<i>Tyto alba</i>). • Biological leaf caterpillar pests control by planting and maintaining (conservation) beneficial plants, such as <i>Antigonon leptopus</i>, <i>Cassia cobanensis</i>, and <i>Turnera subulata</i>. • Since 2018, certification holder is no longer using Paraquat. <p>The RSPO internal audit has been conducted on 26th February 2017 and 11th April 2018. All nonconformities has been closed.</p>		
	Status: Comply	

3.2. Summary of Assessment Report of Supply Chain Requirement
3.2.1 General Chain of custody requirements for the supply chain

Clause	Requirement
5.1	Applicability of the general chain of custody requirements for the supply chain
5.1.1	<p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.</p> <p>The organization take legal ownership and physically handles RSPO certified sustainable oil palm products. The organization is also using CPO transporter contractor:</p> <ul style="list-style-type: none"> - CPO Transporter contractor: Ekspedisi Putra Kembar - PK transporter contractor: CV Sutra Prima
	Status: Comply
5.1.2	<p>Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.</p> <p>CH does not buy from any RSPO licensed traders</p>
	Status: Comply
5.1.3	<p>Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p> <p>The parent company are member of RSPO:</p> <ul style="list-style-type: none"> - Number of RSPO membership: 1-0015-04-000-00, 5 November 2004 - RSPO IT Platform for Belani Elok Mill: RSPO_PO1000002218
	Status: Comply
5.1.4	<p>Processing aids do not need to be included within an organization's scope of certification.</p> <p>Parent company or site has no processing aids</p>
	Status: Comply
5.2	Supply chain model
5.2.1	<p>The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p> <p>The organization has applied mass balance supply chain model correctly and there is no declassification.</p>
	Status: Comply
5.2.2	<p>The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</p> <p>The organization has applied mass balance supply chain model only</p>

	Status: Comply
5.3	Documented procedures
5.3.1	<p>The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified.</p> <p>The Certificate Holder has had the procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. The procedures established and covering all elements of the supply chain model requirements, records and reports of compliance with supply chain requirements including training records. The procedures also identified role of implementation responsibility persons that trained. The person in charge of the POM operational are mill manager, head of ECSR, head of sales, IT departement etc.</p> <p>Belani Elok POM also has had Internal Memo No. 39/ACER-E/PBO/IX/2016 dated 22 August 2016 related to RSPO certified supply chain system. It's explained about:</p> <ul style="list-style-type: none"> - Data clerk in the AMA office prepare the daily data of FFB certified delivery to the mill based on delivery note and block management. - The AMA staff check, assess and validate the data of FFB certified delivery. - the data of FFB certified delivery is notified to the mills and Mill clerk will keep records of FFB certified reception into daily production report - The production staff of mill check, assess and validate the data of daily production report. - Mill report document daily production report to management. <p>Based on interviews with mill clerk note that the clerk understand the separation between FFB certified and non-certified. He also record the FFB received from supply base.</p>
	Status: Comply
5.3.2	<p>The site shall have a written procedure to conduct annual internal audit</p> <p>The Procedure to conduct annual internal audit are describe at procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. Internal audit of SCCS integrated with sustainability audit and conforms to the requirements in the RSPO SCCS and the RSPO market communications and claims documents and effectively implements and maintains the standard requirements. The last internal audit conduct 26 February 2018.</p>
	Status: Comply
5.4	Purchasing and goods in
5.4.1	<p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier</p> <p>The certificate holder has not purchased CSPO or CSPK.</p>
	Status: Comply
5.4.2	<p>The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents</p> <p>The Procedure/mechanism of handling non-conforming products are describe in procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. CH has implemented SCCS in Mass balance model, where there is no contaminations of RSPO certified materials during receiving, processing, storage and dispatch. Non-conforming product describe in differences of projection and actual of quantity and quality product.</p>
	Status: Comply
5.5	Outsourcing activities
5.5.1	

In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.

There is an operation outsource activities to an independent contractor for CPO/PK transporter

- CPO Transporter contractor: Ekspedisi Putra Kembar
- PK transporter contractor: CV Sutra Prima

The site has checked all CPO and PK at the deliveries from mill to bulking to have ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.

Status: Comply

5.5.2

Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:

- a. The site has legal ownership of all input material to be included in outsourced processes;
- b. The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.
- c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.
- d. d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance

Procedure of outsourced contractor are describe in procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. The site has an agreement or contract covering the outsourced process which describe control system of contractor activities by certificate holder and to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.

- CPO Transporter contractor: Ekspedisi Putra Kembar agreement No. 02/SD-ET/PO-EPK/2016 dated 1 March 2016
- PK transporter contractor: CV Sutra Prima agreement No. 10/SD-ET/PK-SP/2016 dated 1 July 2016

Status: Comply

5.5.3

The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.

CH has record the name and contract details of contractor used for handling of RSPO certified oil palm products:

- CPO Transporter contractor: Ekspedisi Putra Kembar, address: Palembang
- PK transporter contractor: CV Sutra Prima, address: Palembang

Status: Comply

5.5.4

The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products

Since the General chain of custody requirements for the supply chain is applied in 2018, the CH has contractors for CPO Transporter contractor (Ekspedisi Putra Kembar) and for PK Transporter contractor (CV Sutra Prima). There is no new contractor used for the processing or physical handling of RSPO certified oil palm products.

Status: Comply

5.6

Sales and goods out

5.6.1

The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer

The site has product information provided in such as document of sales contract, sampling notes, loading instruction, delivery notes etc. The informations are:

- The name and address of the buyer;
- The name and address of the seller;
- The loading or shipment / delivery date;
- A description of the product RSPO certified Mass Balance model
- The date on which the documents were issued;
- The quantity of the products delivered;
- Any related transport documentation;
- etc.

Shipping Announcements and Confirmations on the RSPO IT platform for periods Period of 18 September 2017 to 17 September 2018

• **Certified CPO sold to each buyer**

Date	Buyer	Volume (Ton)
1/10/2018	Credit allocation (book & claim)	1,000
7/12/2018	Credit allocation (book & claim)	9,300
Total		10,300

• **Certified Palm Kernel sold to each buyer**

Date	Buyer	Volume (Ton)
2/12/2017	Musimas	296.91
Total		296.91

Based on sales data for the license period 18 September 2017 - 17 September 2018, it is known that there are sales of certified PK products. But the company has not been able to show in the certified products sales documents for such information:

- Supply chain certificate number of the seller
- A unique identification number

NC 2018.05

Status: Non Conformity with Major category

5.7 Registration of transactions

5.7.1

Supply chain actors who:

- are mills, traders, crushers and refineries; and
- take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable

All Transactions are registered in RSPO IT platform

Status: Comply

5.7.2

The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:

- Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures.
- Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually.

- Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed.
- Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements.

Transactions are registered in RSPO IT platform as for periods Period of 18 September 2017 to 17 September 2018

• **Certified CPO sold to each buyer**

Date	Buyer	Volume (Ton)
1/10/2018	Credit allocation (book & claim)	1,000
7/12/2018	Credit allocation (book & claim)	9,300
Total		10,300

• **Certified Palm Kernel sold to each buyer**

Date	Buyer	Volume (Ton)
2/12/2017	Musimas	296.91
Total		296.91

On license period of 18 September 2017 to 17 September 2018 its sales of 296.91 CSPK. The auditor has verified the shipping announcement dated 2 December 2017 and The site has no removing stock on palm trace.

Status: Comply

5.8 Training

5.8.1

The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff

RSPO SCCS training Planned periodically and describe at procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016.

Status: Comply

5.8.2

Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed

Certificate holder has provided training at 30 September 2016 and Based on interview at weighbridge station is known that the weighbridge operator and SCCS person in charge have understand the RSPO supply chain procedures.

Status: Comply

5.9 Record keeping

5.9.1

The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements

CH has maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements. Those are describe in ASA 3 report (Module E CPO Mills - Mass Balance Requirements).

Based on the results of the mass balance document verification, it is known that the sale of PK was carried out from Belani Elok Mill, while The CPO sales transaction is carried out in bulking. But the company did not record mass balance products in the bulking so the company could not show dispatch/sales for CPO sourced from Belani Elok mill. Based on this, the recording of mass balance is not accurate and traceable. **NC 2018.06**

Status: Non Conformity with Major category										
5.9.2 Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock The retention times for all records and reports are keep in minimum 2 years.										
Status: Comply										
5.9.3 The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months. Record of all certified palm oil / palm kernel oil volumes purchased (input) and claimed (output) for period of 18 September 2017 to 30 July 2018:										
Month	FFB Received		Certified Production	CPO			Cert. Claim	PK		
	Certified	Total FFB		Total CPO stock	Dispatch			Certified Production	Total PK stock	Dispatch
Sept 2017	2,270.015	3,200.94	491.40	3,656.35	1,602.18	-		150.97	4,800.37	1,153.39
Oct 2017	4,859.003	6,738.19	1,092.91	6,355.82	3,366.03	-		300.25	2,844.05	816.20
Nov 2017	5,110.497	7,327.65	1,174.50	6,879.42	3,234.42	-		314.86	2,467.87	1,055.85
Dec 2017	5,449.626	8,169.43	1,208.24	6,508.90	4,242.95	-		329.53	1,188.04	583.15
Jan 2018	4,507.169	6,940.3	972.60	6,722.27	2,904.65	-		266.36	3,662.22	1,239.92
Feb 2018	4,193.182	6,287.91	963.48	6,042.81	2,479.39	-		253.26	4,748.53	775.79
March 2018	4,777.257	7,597.43	1,064.19	7,570.82	2,933.70	-		278.90	2,742.99	673.25
April 2018	4,265.053	7,142.34	931.37	6,871.81	2,591.76	-		224.24	3,241.17	653.22
May 2018	5,622.635	9,009.32	1,273.64	4,810.60	3,635.85	-		345.37	8,232.26	668.67
June 2018	4,826.766	8,025.23	1,077.64	3,260.21	3,138.29	-		257.29	2,841.68	575.78
July 2018	7,191.63	11,714.95	1,620.79	6,298.29	6,253.39	-		408.03	3,386.60	1,251.75
Status: Comply										
5.10 Conversion factors										
5.10.1 Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries The site doesn't applied a conversion rate.										
Status: Comply										
5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate. The site doesn't applied a conversion rate.										
Status: Comply										

5.11	Claims
5.11.1	<p>The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.</p> <p>The site make claims regarding the sell of RSPO certified oil palm products only.</p>
	Status: Comply
5.12	Complaints
5.12.1	<p>The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.</p> <p>Procedures for stakeholders complaints established in form of procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. The stakeholders complaints are manage by social complaint and external conflict procedure. Mill shall handle the complaints in 14 days accordance to the procedure. According to verification of complaint records it is no complaint regarding SCCS for past a year.</p>
	Status: Comply
5.13	Management review
5.13.1	<p>The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken</p> <p>The certificate holder has management review conduct annually at 12 August 2017.</p>
	Status: Comply
5.13.2	<p>The input to management review shall include information on:</p> <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. <p>The Management review are include result of internal audit, preventive and corrective actions, follow up actions and recommendations for improvement.</p>
	Status: Comply
5.13.3	<p>The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. <p>The Management review are include the decision and actions related to Improvement of the effectiveness of the management system and its processes and Resource needs.</p>
	Status: Comply

3.2.2 (Module E) CPO Mills – Mass Balance Requirements

Clause	Requirement
E.1	Definition
E.1.1	
Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and sales volume of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.	
Belani Elok POM is used RSPO supply chain of Mass Balance module because they still received FFB from the estate which has not been certified with RSPO that is Plasma and outgrower.	
	Status: Comply
E.2	Explanation
E.2.1	
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. For an independent mill, the estimated tonnage of CPO and PK products must be recorded in the RSPO IT platform, supply chain certificate and public summary audit report. This figure represents the total volume of certified oil palm product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.	
Estimate product certified CPO and PK for period 18 September 2018 – 17 September 2019 describe at ASA 4 report (basic info 1.8.3). Tonnage product certified for period 3 July 2017 to 2 July 2018 are describe at the report (basic info 1.8.1):	
Period of 18 September 2017 to 17 September 2018 (tonnes/year)	
Products	Estimate Actual <i>*(period 18 September 2017 – 31 July 2018)</i>
CSPO	14,371 11,870.77
CSPK	3,919 3,129.05
	Status: Comply
E.2.2	
The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).	
• RSPO IT Platform member registration number: RSPO_PO1000002218	
• Certified CPO sold to each buyer	
Date	Buyer Volume (Ton)
10/1/2018	Credit allocation (book & claim) 1,000
12/7/2018	Credit allocation (book & claim) 9,300
Total	10,300
• Certified Palm Kernel sold to each buyer	
Date	Buyer Volume (Ton)
2/12/2017	Musimas 296.91
Total	296.91

	Status: Comply																			
E.3	Documented procedures																			
E.3.1																				
The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:																				
a. Complete and up to date procedures covering the implementation of all the elements in these requirements;																				
b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.																				
The Certificate Holder has had the procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. The procedures established and covering all elements of the supply chain model requirements, records and reports of compliance with supply chain requirements including training records. The procedures also identified role of implementation responsibility persons that trained. The person in charge of the POM operational are mill manager, head of ECSR, head of sales, IT departement etc.																				
Belani Elok POM also has had Internal Memo No. 39/ACER-E/PBO/IX/2016 dated 22 August 2016 to the AMA of Bingin Teluk, AME of Bingin Teluk and Mill Manager related RSPO certified supply chain system. The IM explained about:																				
<ul style="list-style-type: none">• Data clerk in the AMA office prepare the daily data of FFB certified delivery to the mill based on delivery note and block management.• The AMA staff check, assess and validate the data of FFB certified delivery.• the data of FFB certified delivery is notified to the mills and Mill clerk will keep records of FFB certified reception into daily production report• The production staff of mill check, assess and validate the data of daily production report.• Mill report document daily production report to management.																				
Based on interviews with mill clerk note that the clerk understand the separation between FFB certified and non-certified. He also record the FFB received from supply base.																				
	Status: Comply																			
E.3.2																				
The site shall have documented procedures for receiving and processing certified and non-certified FFBs																				
The site has documented procedures for the receipt and processing of certified and non-certified FFB describe at procedure of environmental management system EMS-P17 CSPO Supply Chain dated 5 Agustus 2016. The person in charge of the POM operational are mill manager, head of ECSR, head of sales, IT departement etc. Based on interviews with mill clerk note that the clerk understand the separation between FFB certified and non-certified. He also record the FFB received from supply base.																				
	Status: Comply																			
E.4	Purchasing and goods in																			
E.4.1																				
The site shall verify and document the volumes of certified and non-certified FFBs received.																				
The site has verified and documented the volumes of certified and non-certified FFBs received. Certified and non-certified FFB received period of 18 September 2017 to July 2018:																				
<table><tr><th rowspan="2">Month</th><th colspan="3">FFB (ton)</th></tr><tr><th>RSPO Certified</th><th>Non Certified</th><th>Total</th></tr><tr><td>Sept 2017</td><td>2270.015</td><td>930.925</td><td>3200.94</td></tr><tr><td>Oct 2017</td><td>4859.003</td><td>1879.187</td><td>6738.19</td></tr><tr><td>Nov 2017</td><td>5110.497</td><td>2217.153</td><td>7327.65</td></tr></table>		Month	FFB (ton)			RSPO Certified	Non Certified	Total	Sept 2017	2270.015	930.925	3200.94	Oct 2017	4859.003	1879.187	6738.19	Nov 2017	5110.497	2217.153	7327.65
Month	FFB (ton)																			
	RSPO Certified	Non Certified	Total																	
Sept 2017	2270.015	930.925	3200.94																	
Oct 2017	4859.003	1879.187	6738.19																	
Nov 2017	5110.497	2217.153	7327.65																	

Dec 2017	5449.626	2719.804	8169.43
Jan 2018	4507.169	2433.131	6940.3
Feb 2018	4193.182	2094.728	6287.91
March 2018	4777.257	2820.173	7597.43
April 2018	4265.053	2877.287	7142.34
May 2018	5622.635	3386.685	9009.32
Jun 2018	4826.766	3198.464	8025.23
Jul 2018	7191.63	4523.32	11714.95

Status: Comply
E.4.2
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

There is no projected overproduction of certified tonnage, the Tonnage of product certified:

Products	Period of 18 September 2016 to 17 September 2017 (tonnes/year)		Period of 18 September 2017 to 17 September 2018 (tonnes/year)	
	Estimate	Actual	Estimate	Actual
				*(period 18 September 2017 – 31 July 2018)
CSPO	14,698	12,644.55	14,371	11,870.77
CSPK	3,919	3,439.35	3,919	3,129.05

Status: Comply
E.5
Record keeping
E.5.1

- The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis.
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)

The Certificate holder has record and balance all received of RSPO FFB and deliveries of RSPO certified CPO and PK. The Volume of certified CPO and PK are delivered from accounting system according to conversion by percentage of FFB certified. The sales of RSPO product claim are sold from a positive stocks

Month	FFB Received		CPO				PK			
	Certified	Total FFB	Certified Production	Total CPO stock	Dispatch conventional	Cert. Claim	Certified Production	Total PK stock	Dispatch conventional	Cert. Claim
Sept 2017	2,270.015	3,200.94	491.40	3,656.35	1,602.18	-	150.97	4,800.37	1,153.39	-
Oct 2017	4,859.003	6,738.19	1,092.91	6,355.82	3,366.03	-	300.25	2,844.05	816.20	-
Nov 2017	5,110.497	7,327.65	1,174.50	6,879.42	3,234.42	-	314.86	2,467.87	1,055.85	-
Dec 2017	5,449.626	8,169.43	1,208.24	6,508.90	4,242.95	-	329.53	1,188.04	583.15	296.91
Jan 2018	4,507.169	6,940.3	972.60	6,722.27	2,904.65	-	266.36	3,662.22	1,239.92	-
Feb 2018	4,193.182	6,287.91	963.48	6,042.81	2,479.39	-	253.26	4,748.53	775.79	-

March 2018	4,777.257	7,597.43	1,064.19	7,570.82	2,933.70	-	278.90	2,742.99	673.25	-
April 2018	4,265.053	7,142.34	931.37	6,871.81	2,591.76	-	224.24	3,241.17	653.22	-
May 2018	5,622.635	9,009.32	1,273.64	4,810.60	3,635.85	-	345.37	8,232.26	668.67	-
June 2018	4,826.766	8,025.23	1,077.64	3,260.21	3,138.29	-	257.29	2,841.68	575.78	-
July 2018	7,191.63	11,714.95	1,620.79	6,298.29	6,253.39	-	408.03	3,386.60	1,251.75	-
	Status: Comply									

3.3. Conformity Checklist of Certificate and Trademark Use

1.	Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client	X or√
ASA-3	The company does not use RSPO logo and trademark.	√
	Status:	
2.	Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-3	The company does not use RSPO logo and trademark.	√
	Status:	
3.	Implementation of Certificate and Trademark is not used on product	X or√
ASA-3	The company does not use RSPO logo and trademark.	√
	Status:	
4.	Controlling of Certificate and Trademark, including withdrawing inappropriate logo.	X or√
ASA-3	The company does not use RSPO logo and trademark.	√
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

Compliance of the uncertified management units of PT PP London Sumatra against the rules for partial certification was determined through Self-Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below

PT PP London Sumatra Time Bound Plan is explaining in table 1.10. PT PP London Sumatra run ten (10) mills, thirty (30) own estates in Indonesia, and has achieved RSPO certified for five (5) mills and supply base in Indonesia. PT PP London Sumatra has informed the Time Bound Plan progress, MUTU has considered that PT PP London Sumatra is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by PT PP London Sumatra on 27 July 2017 approved by Head of ECSR & HS Department.

MUTU has verified partial certification for un-certified unit's subsidiary of PT PP London Sumatra based on their Time Bound Plan. There are five (5) uncertified mill management unit of PT PP London Sumatra. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

- There is no significant land conflicts which have not been declared above
- The company has follow RSPO requirement related to Remediation and Compensation Procedure.
- There is no labour disputes that are not being resolved through an agreed process
- All plantations established since 2005 have been done in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above.

2.1 Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Company Group/Holding Statement: Yes, there was an internal audit and has positive assurance statement.</p> <p>Auditor Verification: Internal Audit report available for Terawas Indah POM and Sei Lakitan POM.</p>
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	<p>Company Group/Holding Statement: PT PP London Sumatra and its subsidiaries have been reporting disclosure of liability to RSPO and historical of Land Use by email dated 19 September 2014.</p> <p>Auditor Verification: RaCP for operation area of PT PP London Sumatra in South Sumatera and East Kalimantan, but the RaCP process not finish yet until the approval of compensation plan from RSPO compensation panel</p>
2.2.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>Company Group/Holding Statement: There is new planting after 1 Jan 2010 in Pahu Makmur POM and Supply Base.</p> <p>Auditor Verification:</p>

		Auditor has verified the supporting evidence of above the company statement. The above statement in accordance with the supporting evidence provided. The notification is announce on 17 June 2016 in RSPO Website
2.2.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p>Company Group/Holding Statement:</p> <p>There are no land conflicts. The Company has a land conflict resolution mechanism in accordance with the RSPO criteria 6.4; 7.5; and 7.6. This procedure is outlined in the SOP of Land Acquisition and Compensation (SOP OP 2.2). This procedure regulates that conflict resolution can be done in a participatory manner and can also be done by a third party (mediator).</p> <p>Auditor Verification:</p> <p>Auditor has verified the supporting evidence of above the company statement. There are no land conflicts for uncertified unit of the group subsidiaries.</p>
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>Company Group/Holding Statement:</p> <p>There is no issue of labour disputes in uncertified unit. The company also has procedures to deal with complaints workers before they become conflicts. The procedure is describe in Internal Memo from HR Director No. 28/HRD/CIR/2011. Procedures related employee issues arranged in the form of internal grooves for employees included in the category of internal stakeholders. Media used complaint is a formal letter submitted by unions or incorporated into a suggestion box which is provided in a convenient location.</p> <p>Auditor Verification:</p> <p>There is no information from public source and RSPO website on any labor conflict for uncertified unit of the group subsidiaries. But there is complaint from NGO to certified unit of PT PP London Sumatra.</p>
2.2.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p>Company Group/Holding Statement:</p> <p>Companies comply with the regulations in accordance with the requirements of the RSPO 2.1 and 2.2 where there is no violation of the rules that are relevant to the plantation. The company has a mechanism to evaluate compliance with regulations, namely EMS-P02 dated April 10th 2015. In SOP describes procedures for compliance, completeness and groove sections which explain in detail to evaluate compliance with the legislation.</p> <p>Auditor Verification:</p> <p>The area of Pahu Makmur Estate, Isuy Makmur Estate, Sei Lakitan Estate, Riam Indah Estate, Sei Gemang Estate, Sei</p>

		Punjung Estate, Bangun Harjo Estate, Suka Bangun Estate, Terawas Indah Estate and Gunung Bais Estate are still in process for HGU (Committee B meeting)
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3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-2 Assessment

NCR No.	:	2017.01	Issued by	:	M Amarullah, Sofyan Hadi Lubis, Hasiholan Sihombing
Date Issued	:	14 July 2017	Time Limit	:	13 September 2017
NC Grade	:	Major	Date of Closing	:	16 September 2017
Standard Ref. & Requirement	:	2.1.1 Evidence of compliance with relevant legal requirements shall be available.			
Non-Conformance Description & Evidence observed (filled by auditor): Based on field observations, the following are found: <ul style="list-style-type: none"> • Hazardous waste warehouse in KBE dot not have a permit from Government Agency. This is not comply with PP No. 101, year 2014. • Based on observation to hazardous waste warehouse in BEPOM, KBE and BHE, eyewash and alarm were not available. This is not comply with KepBapedal No. 1, year 1995. • Based on observation to hazardous waste warehouse in BEPOM, BHE and KBE, symbols and labels of hazardous materials waste were not in accordance with PermenLH No. 14 year 2013. • Based on observation to agrochemicals (pesticide) warehouse in KBE and BEE, symbols and labels of hazardous materials were not in accordance with PermenLH No. 03, year 2008. • Based on document review and interview with boiler operator, it is known that boiler operation is divided into 3 shifts per day. Boiler capacity is 40 ton/hour and the company has 4 licensed operators Class I category for all shifts. This is not in accordance with Appendix 1 of Regulation of the Minister of Labor No. 1 of 1988 about the number of steam aircraft operators. • Belani Elok POM has a first aid officer who has received first aid training under license no: 058/P3K/X/2014 with validity period until 1 October 2017, but can not shown the first aid officer license for KBE and BHE. This is not in accordance with Annex 1 of Regulation of the Minister of Labor No. 15 of 2008 about the ratio of number of first aid officers in the workplace with the number of workers based on the classification of the workplace. • The company has not been able to show evidence submitted development of plantation business report to relevant agency, as stipulated in "Permentan No. 98/2013" related to Plantation Business Guidelines. 					
Root Cause Analysis (filled by organization audited): The company already has a mechanism to monitor the regulations to be applied to the Estate and Factory in SOP EMS - P02 about Legal Requirement, but it still needs to be improved in coordination in the implementation of regulations in the field.					
Correction (filled by organization audited): Estate and Mill must apply the rules and regulations that have been introduced into the real activity on the field.					
Attached evidence of corrective actions taken: <ol style="list-style-type: none"> 1. License of hazardous waste warehouse The Company shows the Letter of application for license of hazardous waste warehouse in Ketapat Bening Estate to Environmental Agency of Musi Rawas Utara District on 10 August 2017. Followed up by Environmental Agency of Musi Rawas Utara District through Letter No. 660/802 / DLHP / II / 2017 dated August 16, 2017 to supersede the administrative requirements of hazardous waste warehouse permit. Company follow up letter from Environmental Agency of Musi Rawas Utara District through letter No. 17 / ENV-EXT / VIII / 2017 dated August 21, 2017 on August 23, 2017. Company email addressed by Environmental Agency of Musi Rawas Utara District via email on August 25, 2017 that has received the file in the form of softcopy for the next file will we learn and if it is complete can proceed to the next process of technical verification. 					

2. Belani Elok POM (BEPOM), Bukit Hijau Estate (BHE) and Ketapat Bening Estate (KBE) show documentation in the form of Eyewash installation and emergency sound (bells) that are placed in hazardous waste warehouse.
3. Bukit Hijau Estate (BHE), Ketapat Bening Estate (KBE) and Belani Elok POM (BEPOM) shows photo of Installation of hazardous waste symbol at hazardous waste warehouse, BHE, KBE and BEPOM also shows document of Minutes of Socialization of hazardous waste symbol which was conducted on 1 August 2017 and 11 August 2017.
4. Bukit Hijau Estate (BHE) and Ketapat Bening Estate (KBE) has shown photo of Installation of hazardous symbol in Warehouse of Fertilizer, Pesticide, Oil and Solar Tank and shows record of of hazardous symbol socialization conducted on 1 August 2017 and 11 August 2017
5. The Company shows the minutes of completion of the Training and Certification of First Aid (P3K) conducted by PT. Safety Sumber Sukses (PT SASES) on 24 until 26 August 2017, which was followed by 20 participants.
6. The Company shows the minutes of the completion of the Training and Certification of Class II Steamship Operators conducted by PT Safety Sumber Sukses (PT SASES) on 24 until 26 August 2017, which was followed by 11 participants.
7. Evidence of reporting development of plantation business to relevant agency.
The company has show document of activity latter dated August 03, 2017 related to reporting development of plantation business to relevant agency (Agriculture and Fisheries Agency of Musirawas Utara District).

Corrective Action (filled by organization audited):

Monitoring the application of applicable laws and regulations in the Estate and Mill in accordance with SOP EMS P02 which stipulates:

1. Dept ECSR (Environment & Corporate Social Responsibility) is responsible for identifying regulations.
2. Monitoring the implementation of the regulation by using Form Evaluation of SPO Regulations.
3. Monitoring of implementation at least once a year by ECSR Regional Staff and evaluated by using Form Evaluation of SPO Regulations.

Assessor Evaluation and Conclusion (filled by auditor):
31 August 2017

The Company shows improvement documents, among others:

1. The management unit has shows the process of obtaining the hazardous waste warehouse license in Ketapat Bening Estate. Based on the last communication conducted (August 25, 2017) it is known that Environmental Agency of Musi Rawas Utara District has received administrative completeness and will study the document. After the inspection is done and declared complete it will be done technical verification.
2. The management unit has demonstrated documentation of bell installation at hazardous waste warehouse in Belani Elok POM and Bukit Hijau Estate, as well as installation of alarms at hazardous waste warehouse in Ketapat Bening Estate. Besides, there is also documentation of eyewash installation in hazardous waste warehouse of Belani Elok POM, Bukit Hijau Estate and Ketapat Bening Estate.
3. The management unit has documented the installation of hazardous waste symbols at hazardous waste warehouse in Belani Elok POM, Bukit Hijau Estate and Ketapat Bening Estate.
4. The management unit has shows the record of hazardous symbol installation at Bukit Hijau Estate and Ketapat Bening Estate. Locations equipped with hazardous symbols are pesticide store, olie store, fertilizer store and solar tank area.
5. Documentation evidence such as the minutes of completion of Training and Certification of First Aid followed by 20 participants on 24-26 August 2017 also Training and Certification of Class II Steamship operators which was attended by 11 participants on 24-26 August 2017. However, the auditor has not received any related information a list of names of workers attending first aid and steamship operators training. In addition, no certificates or licences have been shown for workers who have attended the training.
6. The company has show document of activity latter dated August 03, 2017 related to reporting development of plantation business to relevant agency (Agriculture and Fisheries Agency of Musirawas Utara District).

The management unit should provide additional explanations regarding the root cause and corrective action. Based on this, the Non-Conformity No. 2017.01 with the Major category is still not closed.

6 September 2017

PT PP LONSUM has listed the names of workers who participated in training of first aid and steam operators. Based on the list, it is known that there is one worker from each estate who attended the first aid training and 3 workers who participated in the training of the steam operator. However, the management unit did not show the certificate or licenses for the workers who have attended the training. **Based on this, the Non-Conformity No. 2017.01 with the Major category is still not closed.**

16 September 2017

- PT PP Lonsum shows the represent letter No: 301/SASES/IX/2017 from PT SASES PJKS stating that the certificate for first aid training held on 21 to 23 August 2017 at PT PP Lonsum is in process at the Ministry of Manpower of the Republic of Indonesia in Jakarta for approximately 2 months.
- PT PP Lonsum shows the represent letter No: 302/SASES/IX/2017 from PT SASES PJKS stating that the certificate for steam operators training held on 24 to 26 August 2017 at PT PP Lonsum is in process at the Ministry of Manpower of the Republic of Indonesia in Jakarta for approximately 2 months.

Non-conformity No. 2017.01 with the Major category stated closed and will be observed at the next audit.

Verified by : **Ardiansyah dan Hasiholan Sihombing**

NCR No.	: 2017.02	Issued by	: Hasiholan Sihombing
Date Issued	: 14 July 2017	Time Limit	: 13 September 2017
NC Grade	: Major	Date of Closing	: 16 September 2017
Standard Ref. & Requirement	: 4.6.5 Evidence of pesticide application by trained person and in accordance with application guidelines in product label and storage guidelines shall be available. Appropriate safety equipment shall be provided and utilized. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7)		
Non-Conformance Description & Evidence observed (filled by auditor): Based on field observation to pesticides warehouse in KBE, it was found that MSDS from vendor for products of Pulse, Furadan, Bayfolan, Trichoderma, DMA-6, Starane 200EC, Agroxone-4, Garlon 670EC, and Thuricide HP were not available.			
Root Cause Analysis (filled by organization audited): Installation of pesticide MSDS according to the regulation has been contained in EMS WI 7 - Guide to the safe use of Pesticides, where the Kerani Pesticide Warehouse is set up to ensure MSDS availability. However this is due to lack of concern from the personnel to the application of EMS WI 7.			
Correction (filled by organization audited): Ketapat Bening Estate shows photo installation of MSDS in each product of Pulse, Furadan, Bayleton, Trichoderma, DMA-6, Starane 200EC, Agroxone-4, Garlon 670EC, dan Thuricide HP. And shows the official report of MSDS socialization to workers, held on 11 August 2017.			
Corrective Action (filled by organization audited): Each stored pesticide product is equipped with MSDS and inspected by Kerani Pesticide Warehouse. The completeness of MSDS in Pesticide Warehouse will also be the responsibility of Kasie which is the boss of Kerani Gudang, and conducted routine inspection at least 1 year by Team Sustainability.			
Assessor Evaluation and Conclusion (filled by auditor):			

31 August 2017

The Company shows improvement documents, among others:

1. Installation documentation of MSDS in KBE Pesticide Warehouse, but management unit has not shown copy of MSDS owned.
2. News event of MSDS socialization to 14 KBE employees.

The management unit should provide additional explanations regarding the root cause and corrective action. **Based on this, the Non-Conformity No. 2017.02 stated still not closed.**

6 September 2017

The management unit has shown a copy of MSDS from a pesticide owned by Pulse, Furadan, Bayleton, Trichoderma, DMA-6, Starane 200EC, Agroxone-4, Garlon 670EC, dan Thuricide HP. However, the management unit has not provided additional explanation regarding the root cause and corrective action. Based on this, the **Non-Conformity No. 2017.02 stated still not closed.**

16 September 2017

Based on the explanation of the root cause and the corrective action given, the **Non-Conformity No. 2017.02 with the Major category stated closed** and will be observed at the next audit.

Verified by : **Hasiholan Sihombing**

NCR No.	: 2017.03	Issued by	: Hasiholan Sihombing
Date Issued	: 14 July 2017	Time Limit	: 13 September 2017
NC Grade	: Major	Date of Closing	: 31 Augustus 2017
Standard Ref. & Requirement	: 4.6.11 Annual medical records of pesticide operators, and follow-up treatment of medical results, shall be available		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company shown the results of cholinestrase examination on 19-20 September 2016 to 7 KBE spraying workers and 6 BHE spray workers with normal results, but based on document review the number of spray workers in KBE were 17 people and BHE were 48 people, so it can be concluded that not all spraying workers performed special health checks.			
Root Cause Analysis <i>(filled by organization audited):</i> At the time of periodic health checks, the workers to be examined are not in place.			
Correction <i>(filled by organization audited):</i> There is a report on the results of periodic labor medical check up (Cholinestrase) for Bukit Hijau Estate which is implemented by UPTD Hiperkes and Safety of Labor Office of South Sumatera Province on 26 July 2017, the amount examined 42 Persons and the result is Normal. There is a report on the results of periodic labor medical check up (Cholinestrase) for Ketapat Bening Estate which is implemented by UPTD Hiperkes and Safety of Labor Office of South Sumatera Province on 27 July 2017, the amount examined 11 Persons and the result is Normal.			
Corrective Action <i>(filled by organization audited):</i> Provide information to workers regarding the medical check up schedule and the purpose of the medical check up, before a periodic medical check up will take place. If the worker on a medical check up is unable to attend, the worker will be reopened for a medical check up.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> The Company shows improvement documents, among others:			

1. Records of periodic health checks (cholinestrases) on 42 spray workers of BHE that conducted by Balai Hiperkes and Safety of Labor Office of South Sumatera Province on 26 July 2017 which shows Normal results for all workers.
2. Records of periodic health checks (cholinestrases) on 11 spray workers of KBE that conducted by Balai Hiperkes and Safety of Labor Office of South Sumatera Province on 27 July 2017 which shows Normal results for all workers

Non-conformity No. 2017.03 with the Major category stated closed.

Verified by : **Hasiholan Sihombing**

NCR No.	: 2017.04	Issued by	: Hasiholan Sihombing
Date Issued	: 14 July 2017	Time Limit	: 13 September 2017
NC Grade	: Major	Date of Closing	: 16 September 2017
Standard Ref. & Requirement	: 4.7.2 A documented risk assessment shall be available and its implementation shall be recorded.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Unit management shown the document of hazard identification, risk assessment and risk control that describes the description/activity, potential hazards, risk assessment and risk control. However, it has not identified all the activities in POM such as in hazardous materials and hazardous waste warehouse. While, in estate not completed yet in losse fruit collect activity, material warehouse, hazardous materials and hazardous waste warehouse.			
Root Cause Analysis <i>(filled by organization audited):</i> Hazard Identification, Risk Assessment and Control for activities such as pick up loose fruit, material warehouse, hazardous warehouses and hazardous waste materials have been contained in the Harvesting and Warehouse activities, but the activities have not been separated and details per activities.			
Correction <i>(filled by organization audited):</i> <ul style="list-style-type: none">• Belani Elok POM (BEPOM) shows the document of HIRAC for hazardous warehouses, hazardous waste warehouses which was reviewed by the P2K3 Secretary and Approved by the Factory Manager on 20 July 2017. BEPOM also shows the socialization record of HIRAC to related workers which is held on 24 July 2017.• Bukit Hijau Estate (BHE) shows the document of HIRAC for chemical warehouses, material warehouses, picker of loose fruit and hazardous waste warehouses which was reviewed by the P2K3 Secretary and Approved by the Factory Manager on 21 July 2017. BHE also shows the socialization record of HIRAC to related workers which is held on 10 August 2017.• Ketapat Bening Estate (KBE) shows the document of HIRAC for chemical warehouses, material warehouses, picker of loose fruit and hazardous waste warehouses which was reviewed by the P2K3 Secretary and Approved by the Factory Manager on 14 July 2017. KBE also shows the socialization record of HIRAC to related workers which is held on 11 August 2017.			
Corrective Action <i>(filled by organization audited):</i> Perform evaluation of the implementation and Updating data of HIRAC for chemical warehouses, material warehouses, picker loose fruit and hazardous waste warehouses. The Company has a procedure for HIRAC, (P-03) attached, whereas in item 5.2. A Review is stipulated that "This hazard identification is reviewed at least once a year or if any abnormality is found in its application." In the Procedure of HIRAC (P-03) is attached, in which point 5.1 Hazards identification stipulates that: Hazard identification is carried out on all goods and services activities, workplace processes, to obtain data on potential hazards which comes from several conditions, among others: 1. Building: Construction, layout, maintenance etc. 2. Machinery & Equipment: Tools, machinery, aircraft, installations etc.			

3. Material: All raw & auxiliary materials.
4. Process: Initial production activity to the end.
5. Work environment: Sanitation, dust, gas, noise, vibration, lighting, work climate etc.
6. Nature of Work: Works of a dangerous nature/which result in fatality (lifelong disability/death or large material loss).

Assessor Evaluation and Conclusion (filled by auditor):
1 September 2017

The Company shows improvement documents, among others:

1. Document of HIRAC for chemical warehouses, material warehouses, picker of loose fruit and hazardous waste warehouses of BHE, KBE and BEPOM unit.
2. Socialization record of HIRAC in KBE unit which was held on 11 August 2017 and was attended by 18 participants.
3. Socialization record of HIRAC in hazardous and material warehouses of BHE unit which was held on 10 August 2017 and was attended by 7 participants.
4. Socialization record of HIRAC in hazardous waste warehouses of BHE unit which was held on 10 August 2017 and was attended by 7 participants.
5. Socialization record of picker loose fruit HIRAC of BHE unit which was held on 10 August 2017 and was attended by 15 participants.
6. Socialization record of HIRAC in BEPOM unit which was held on 24 July 2017 and was attended by 10 participants.

The management unit should provide additional explanations regarding corrective action, resulting in **Non-Conformity No. 2017.04 with the Major category stated not closed.**

6 September 2017

The management unit should provide additional explanations regarding corrective action, resulting in **Non-Conformity No. 2017.04 with the Major category stated not closed.**

16 September 2017

Based on the corrective action submitted, **Non-Conformity No. 2017.04 with the Major category stated Closed.**

Verified by : **Hasiholan Sihombing**

NCR No.	:	2017.05	Issued by	:	M Amarullah
Date Issued	:	14 July 2017	Time Limit	:	ASA-3
NC Grade	:	Minor	Date of Closing	:	16 September 2017
Standard Ref. & Requirement	:	5.6.3 A monitoring plan and results of regular reporting on emission and pollutants from estate and mill operations using appropriate methods, shall be available.			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> CH was not not be able to shows GHG emission calculation using PalmGHG calculator Version 3.0. Hence, raised NCR No. 2017.05 with minor category.					
Root Cause Analysis <i>(filled by organization audited):</i> The CH has not updated on new version of PalmGHG Calculator Version 3.0					
Correction <i>(filled by organization audited):</i> The CH shows GHG calculation of Belani Elok Factory with five estates supply based for period 2016 through PalmGHG Calculator Version 3.0.					

Corrective Action (filled by organization audited):

To keep updating on RSPO regulation and system and communicate it (distribute the information) to all operational units of PT PP Lonsum. Monitoring and updating has carried out through RSPO web checking and to follows trainings and seminars conducted by RSPO.

Assessor Evaluation and Conclusion (filled by auditor):
31 August 2017

Management unit has shows summary of GHG calculation through PalmGHG Calculator Version V.3.0, as follows:

Summary of Net GHG Emissions period 2016

Emissions per product	tCO ₂ e/tProduct	Extraction	%	Production	ton/year
CPO	2.07	OER	21.24	FFB Processed	72,594.05
PK	2.07	KER	5.92	CPO Produced	45,281.72

Land Use	ha
OP planted area	7,410.63
OP Planted on peat	19.4
Conservation area	392.06

Summary of Field Emissions and Sinks

	Own Crop			Group		3 rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions									
Land conversion	97,286.43	13.13	1.34	0	0	0	0	0	0
*CO ₂ emissions from fertilizer	123.25	0.02	0	0	0	0	0	0	0
**N ₂ O emissions	1,609.97	0.22	0.02	0	0	0	0	0	0
Fuel consumption	2,561.15	0.35	0.04	0	0	0	0	0	0
Peat Oxidation	1,059.24	0.14	0.01	0	0	0	0	0	0
Sinks									
Crop sequestration	-69,376.33	-9.36	-0.96	0	0	0	0	0	0
Conservation Sequestration	0	0	0	0	0	0	0	0	0
Total	33,263.71	4.49	0.46	0	0	0	0	0	0

Summary of Mill Emissions and Credits

	tCO ₂ e	tCO ₂ e/tFFB
Emissions		
POME	37,277.47	0.17
Fuel consumption	881.06	0
Grid Electricity Utilization	0	0
Credits		
Export of Grid Electricity	-969.92	0
Sales of PK	0	0
Sales of EFB	0	0
Total	37,188.61	0.17

Palm oil Mill Effluent (POME) Treatment

Divert to compost	0
Divert to anaerobic digestion	100

POME Diverted to Anaerobic Digestion:

Divert to anaerobic pond	100
Divert to methane capture (flaring)	0
Divert to methane capture (electricity generation)	0

Apart from the above, description on corrective action is not available. Hence, **NCR No. 2017.05 has considered still open.**

6 September 2107

Management unit is required to give more explanation towards corrective action. Hence, **NCR No. 2017.05 minor has considered still open.**

16 September 2017

The CH has describe a satisfactory corrective action. Hence, **NCR No. 2017.05 has considered closed.**

Verified by : **M Amarullah**

NCR No.	:	2017.06	Issued by	:	Ardiansyah
Date Issued	:	14 July 2017	Time Limit	:	13 September 2017
NC Grade	:	Major	Date of Closing	:	27 September 2017
Standard Ref. & Requirement	:	7.3.1 There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The document review showed that CH is performed land clearing after November 1, 2005 without preceded by the identification of HCV. HCV identification was conducted on 2006. PT PP London Sumatra (LONSUM) has conduct disclosure of liability to RSPO by email on 19 September 2014. CH can not show approvals regarding the LUCA and / or compensation plan from RSPO Compensation Panel.					
Root Cause Analysis <i>(filled by organization audited):</i> The company does not have officers who can conduct a land use change analysis (LUCA).					
Correction <i>(filled by organization audited):</i> Conducting Land Use Change Analysis (LUCA) by working with third parties. Attached evidence of corrective actions taken are: 1. Land Use Change Analysis Report 2. Confirm Disclosure Liability London Sumatra to RSPO					
Corrective Action <i>(filled by organization audited):</i> Provide human resources with competence of agronomic environment studies including competence to conduct study on LUCA					
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> 17 September 2017 The management unit has demonstrated the results of the LUCA study for all of the estate in the scope of certification and proof of delivery to RSPO conducted on 7 September 2017. However, the company has yet to show the results of					

the LUCA review and or compensation plan that approved by the RSPO Compensation Panel. Based on evidence of improvements submitted, **Non-Conformity No. 201706 is open.**

27 September 2017

Management unit show email from RSPO on 27 September 2017 that stated PT London Sumatra has no development without HCV assessment since Nov 2005. Based on the evidence **Non-Conformity No. 201706 is closed.**

Verified by : **Ardiansyah**

NCR No.	: 2017.07	Issued by	: Ardiansyah
Date Issued	: 14 July 2017	Time Limit	: 13 September 2017
NC Grade	: Major	Date of Closing	: 16 September 2017
Standard Ref. & Requirement	: 8.1.1 The action plan for monitoring shall be available, based on a consideration of the social and environmental impacts and routine evaluation of the plantation and mill operations.		
Non-Conformance Description & Evidence observed (filled by auditor): The CH was not be able to shows continuous improvement towards laws/regulation fulfillment, environment and waste management (Indicator 4.4.1, 5.1.3, 5.2.4 and 5.2.5) and health checking.			
Root Cause Analysis (filled by organization audited): Corrective action has not been analyzed to the root of the problem			
Correction (filled by organization audited): Conduct discussions with all management unit (mill and estates) to determine the plan for nonconformity improvement (NCR). Attached evidence of corrective actions taken: <ol style="list-style-type: none">1. List of presentations for NCR improvement plan of 14 July 2017.2. Documentation of discussion of NCR improvement plan of 14 July 2017.3. List of NCR Progress Review on 28 July 20174. Documentation of NCR Progress Review dated 28 July 2017.			
Corrective Action (filled by organization audited): Review progress of NCR improvement until corrective action is carried out. In order for the same nonconformity not to occur again in the future then the unit must have SOP and conducted a periodical implementation review at least once a year by Team Sustainability. In order for the same non-conformity not to occur later on in other units, the unit must review the condition of the unit, if it is not appropriate then the unit must implement the improvement plan and be subjected to monitoiring by Team Sustainability at least once a year.			
Assessor Evaluation and Conclusion (filled by auditor): 6 September 2017 The management unit has presented a attendant list of NCR ASA-2 RSPO review conducted on July 14 and 28 July 2017. However, the management unit has not shown the results of the NCR review that has been performed and the management unit should provide additional explanations regarding corrective action, so Nonconformity No. 2017.07			

with Major category is still open.

16 September 2017

The management unit has provided additional explanations regarding corrective action, in addition to the management unit also showing the results of the NCR review and the action plan to be undertaken to ensure non-recurring nonconformity. Based on this, **Nonconformity No. 2017.07 with Major category is closed.**

Verified by	:	Ardiansyah
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3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment

NCR No.	: 2018.01	Issued by	: Leonada
Date Issued	: August 10 2018	Time Limit	: ASA 4
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 2.2.2 Legal Boundaries are demonstrated clearly and maintained.		
Non-Conformance Description & Evidence observed (filled by auditor): Based on the results of monitoring the stakes in the Belani Elok Estate, it was known that all complete stakes were 28 stakes. However, based on the results of field visits are not found the poles no. 41 (block 63) and No. 103 (Block 104). In this case the company cannot show the legal boundaries available and maintained.			
Root Cause Analysis (filled by organization audited):			
Correction (filled by organization audited):			
Corrective Action (filled by organization audited):			
Assessor Evaluation and Conclusion (filled by auditor):			
Verified by	:		

NCR No.	: 2018. 02	Issued by	: Hasiholan Sihombing
Date Issued	: August 10 2018	Time Limit	: ASA-4
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 4.7.5 A procedures for emergency and work accident shall be available in Indonesia Language; and the workers, who have attended first aids trainnning, are available in the working areas.		
Non-Conformance Description & Evidence observed (filled by auditor): Based on observations on the completeness of the first aid contents in Belani Elok Estate (pesticide warehouses, workshops, fertilizer warehouses, and harvest foremen) and in Batu Cemerlang Estate (warehouses, workshops, hazardous waste storage, harvest foremen, and weeding foremen) it is known that the first aid box contents are less than 21 items specified. Based on this, the company has not been able to show the completeness of the first aid contents in accordance with the set amount.			
Root Cause Analysis (filled by organization audited):			

Correction <i>(filled by organization audited):</i>	
Corrective Action <i>(filled by organization audited):</i>	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
Verified by	

NCR No.	: 2018. 03	Issued by	: Radytio Puspanjana & Leonada
Date Issued	: August 10 2018	Time Limit	: 7 November 2018
NC Grade	: Major	Date of Closing	: 26 October 2018
Standard Ref. & Requirement	: 5.3.2 There shall be evidence that all chemical and their empty container are disposed of responsibly.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> <p>The company has hazardous waste management procedures (SOP EMS-P14 Management of Hazardous and toxic waste, June 2 2011), however based on field visit the following evidence was found:</p> <ul style="list-style-type: none"> - Utilization hazardous waste, of used oil drums as water reservoirs, Division I & Division III (BEE) housing complex. - Utilization hazardous waste, of used oil drums as trash bins, by workshop BEE. - Utilization hazardous waste, of used oil drums and used jerry cans boiler chemical (Zi-Chem) stored in the warehouse of used materials BE-POM. - Used paint cans used as a place to wash hands in WWTP pond operator post. - Utilization Hazardous waste in the form of used oil drums as a fence in the WWTP pond. - Used oil filters disposed in front of generator room, the housing division III BEE. - Hazardous Material (Klerat) whose has been damaged is stored in the BEE pesticide warehouse. - Medical waste stored in office kitchen. (BEE) <p>Based on explained, CH has not carried out the management of hazardous waste responsibly in accordance with the procedures.</p>			
Root Cause Analysis <i>(filled by organization audited):</i> <p>Not all workers and residents in Estate and Mill know and understand about the prohibition, hazards and regulations related to reuse of used hazardous waste container in accordance with company SOPs and applicable regulations.</p>			
Correction <i>(filled by organization audited):</i> <p>1. Belani Elok Estate (BEE) showed the minutes of the Hazardous Waste Management Information or Pesticide Used Packaging/hazardous material which was carried out on October 5, 2018 at the housing of Division I and on October 11, 2018 in the housing of Division III which was attended by employees and the residents in the</p>			

surrounding housing of the Division I and III. Also showed documentation of socialization and withdrawal of used oil drums used as water storage in worker housing.

2. Belani Elok Estate (BEE) showed the minutes of the Hazardous Waste Management Information or Pesticide Used Packaging/hazardous material which was carried out on October 5, 2018 at the housing of Division I and on October 11, 2018 in the housing of Division III which was attended by employees and placed used oil drums that previously used as trash bin in workshop to Batu Cemerlang hazardous waste storage which has been licensed, according to Internal Memorandum No. 149/BEE/EST/X/2018.
3. BEPOM showed photos of used drum oil containers that were previously placed in used material storage and has been transferred to BEPOM hazardous waste storage and showed hazardous waste report for August 2018 which shows the used oil drums entering hazardous waste storage is 33 pcs.
4. BEPOM showed the minutes of the hazardous waste packaging socialization on August 18, 2018 which was attended by management and BEPOM workers. Also showing photos of logbook and used paint cans that have been placed in the BEPOM hazardous waste temporary storage and showing the hazardous waste report for August 2018 which shows 79 pcs of used paint cans which are included in hazardous waste temporary storage.
5. BEPOM showed minutes of prohibition of the use of used hazardous packaging socialization on August 25, 2018 attended by shift coordinator and BEPOM workers. Also showed photo of WWTP fence which originally used oil, grease, and solar drums, now it has been replaced with harmonica wire
6. BEE showed minutes of Hazardous waste or used pesticide container management socialization on October 5, 2018 at the housing of Division I and on October 11, 2018 in the housing of Division III which was attended by employees and put used oil filter which previously placed in front of generator room into Batu Cemerlang hazardous waste temporary storage which has been licensed, according to Internal Memorandum No. 149/BEE/EST/X/2018.
7. BEE showed documentation such as photo of Klerat packaging change process, start from before, during the process, and after the replacement of the damaged packaging.
8. BEE showed Internal Memorandum No. 149/BEE/EST/X/2018 on October 6 2018 from BEE Manager to BCE Manager about BEE hazardous waste storage in BCE licensed hazardous waste storage. Based on the document, it is known that medical waste from BEE and stored in BCE hazardous waste storage is 12 pcs.

Corrective Action *(filled by organization audited):*

Socializing to workers and residents who live in division housing regarding restrictions, hazards and regulations related to reuse of used hazardous waste container in accordance with company SOPs and applicable regulations

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification October 23, 2018

Company showed evidence correction, such as:

1. Internal Memorandum No. 149/BEE/EST/X/2018 on October 6 2018 from BEE Manager to BCE Manager about BEE hazardous waste storage in BCE hazardous waste storage which has been licensed
2. Photos of used drum oil containers that were previously placed in used material storage and has been transferred to BEPOM hazardous waste storage and shows hazardous waste report for August 2018 which shows the used oil drums entering hazardous waste storage is 33 pcs.
3. Minutes of the hazardous waste packaging socialization on August 18, 2018 which was attended by management and BEPOM workers.
4. Minutes of prohibition of the use of used hazardous packaging socialization on August 25, 2018 attended by shift coordinator and BEPOM workers.
5. Minutes of Hazardous waste or used pesticide container management socialization on October 5, 2018 at the

housing of Division I and on October 11, 2018 in the housing of Division III

6. BEE showed photo of Klerat packaging change process, start from before, during the process, and after the replacement of the damaged packaging.
7. BEE showed documentation of Klerat damaged packaging changes → according to PP 74 2001 about hazardous material management article 16 No 1 (in case hazardous material packaging that has been damaged explained that):
 - Hazardous material which can still be repackaged, packaging must be done by dealers
 - Hazardous material which can not be repackaged can cause pollution or damage to environment and human safety, then dealer must take action.
 - Article 20 explained that expired hazardous material and or does not meet specification and or used packaging, must managed by legislation of hazardous waste management aspect. Company need to re-ensure repackaging of damaged Klerat package, from expiration of material, repackaging, and the remaining damaged packaging.
8. Update of BEPOM hazardous waste log book period of August 2018 with details: used oil 310 L, TL 64 pcs, used filter 55 pcs, used accu 4 pcs, used hazardous container 18 pcs, used hazardous bucket 6 pcs, used hazardous drum 33 pcs, tin cans 79 pcs.

Auditor verification on October 25 2018

1. Company showed Inventory Write – Off Approval on March 23, 2018, which explain about Rat Bait as much as 125 kg was destroyed, Klerat RM-B as much as 1,734.5 kg was destroyed. Attached photo of Rat Bait and Klerat RM-B condition in BEE.
2. Minutes of hazardous waste handover from BEE to BCE on October 23, 2018 which explain that there were 1,784.5 kg (expired), hazardous waste packaging (Klerat) 3 pcs. The minutes of handover is known by BEE and BCE manager.

Auditor verification on 26 October, 2018 about Root Cause Analysis

Company has IM No. 158/BEE/INT/X/2018 on October 26 2018 to Godown Master about used chemical material package management. Instructed as follows:

1. All used chemical material package from material storage must be placed in hazardous waste temporary storage.
2. Used chemical material package must be record in monthly report, signed by Godown Master and Known by Head of Administration.
3. Monthly report must be maintained and kept as document control and responsibility for Godown Master.

Company has IM No. 159/BEE/INT/X/2018 on October 26 2018 to all resident in Estate and division housing complex about used chemical material package management. Instructed as follows:

1. It is prohibited to use used chemical packaging for all activities in Belani Elok Estate
2. Division assistant will conduct monthly checking in housing complex to ensure the implementation of this prohibition.
3. If it was found using the used chemical packaging in residents activities, then the chemical packaging will be withdrawn without any compensation and issued reprimand letter to resident who violated the prohibition.
4. If violation of this prohibition occur repeatedly, then sanction will be given to the concern residents.

Auditor Conclusion

Company has mechanism to monitor so that worker won't be using used hazardous waste packaging in worker environment, which listed in Internal Memo No. 158/BEE/INT/X/2018 on October 26 2018 and IM

No.159/BEE/INT/X/2018 on October 26, 2018.

Based on explanation above, NCR 2018. 03 is **closed** and will be observed in next surveillance.

Verified by : Radytio & Leo

NCR No.	: 2018. 04	Issued by	: Radytio Puspanjana & Leonada
Date Issued	: August 10 2018	Time Limit	: ASA-4
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	5.3.3 A document waste management plan to avoid for reduce pollution and its implementation shall be available		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company has waste management procedures (EMS-WI-8), however base on field visits known burning domestic waste activities housing complex division I & III BEE. CH has not been shown implementation of disposal and management for domestic waste in accordance with the procedures.			
Root Cause Analysis <i>(filled by organization audited):</i> 			
Correction <i>(filled by organization audited):</i> 			
Corrective Action <i>(filled by organization audited):</i> 			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> 			
Verified by	:		

NCR No.	: 2018. 05	Issued by	: Leonada
Date Issued	: 10 Agustus 2018	Time Limit	: 7 November 2018
NC Grade	: Major	Date of Closing	: 23 October 2018
Standard Ref. & Requirement	General COC 5.6.1 The supplying site shall ensure that the minimum information for RSPO certified products is made available		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on sales data for the license period 18 September 2017 - 17 September 2018, it is known that there are sales of certified PK products. But the company has not been able to show in the certified products sales documents for such information: - Supply chain certificate number of the seller			

- A unique identification number
Root Cause Analysis <i>(filled by organization audited):</i> The addition of information in the documents for sale of certified products is only carried out at the end of June 2018. The addition of this information cannot be shown in the Kernel BEPOM sales data because after this form has been changed there is no sale of certified products from Belani Elok POM.
Correction <i>(filled by organization audited):</i> Company showed email from IT, informed that since the end of June 2018 there were 3 additional information in SAP that would be printed in sales document related to RSPO Supply Chain needs, the additional information are: <ol style="list-style-type: none"> 1. RSPO License: RSPO license number in palm trace which indicate palm trace license 2. End date: license expiration date 3. No RSPO e trace: shipping announcement number
Corrective Action <i>(filled by organization audited):</i> Selling certified products in accordance with the SAP system that has been formed
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on October 23, 2018 Company showed email from IT, informed that since the end of June 2018 there were 3 additional information in SAP that would be printed in sales document related to RSPO Supply Chain needs, the additional information are: <ol style="list-style-type: none"> 1. RSPO License: RSPO license number in palm trace which indicate palm trace license 2. End date: license expiration date 3. No RSPO e trace: shipping announcement number <p>From sales data during license period September 18 2017 – 17 September 2018, there were no certified product sales after the addition of information in sales form, is determined after June 28 2018. Based on the explanation, this nonconformity is closed with observation.</p>
Verified by : Leonada

NCR No.	: 2018.06	Issued by	: Leonada
Date Issued	: 10 Agustus 2018	Time Limit	: 7 November 2018
NC Grade	: Major	Date of Closing	: 25 October 2018
Standard Ref. & Requirement	General COC 5.9.1 The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements		
Non-Conformance Description & Evidence observed (filled by auditor):			
Based on the results of the mass balance document verification, it is known that the sale of PK was carried out from Belani Elok Mill, while The CPO sales transaction is carried out in bulking. but the company did not record mass			

balance products in the bulking so the company could not show dispatch/sales for CPO sourced from Belani Elok mill. Based on this, the recording of mass balance is not accurate and traceable.

Root Cause Analysis *(filled by organization audited):*

Company considers that dispatched CPO from Belani Elok POM as sales product.

Correction *(filled by organization audited):*

Company showed Internal Memorandum (IM) No. 49/ECSR-E/PBO/X/2018 on October 1, 2018 about RSPO Certified Product Sales. Based on the IM, "To ensure the accuracy of mass balance recording of RSPO CSPO and CSPK from Belani Elok POM, the sale of certified products must be done directly at Belani Elok Mill".

Corrective Action *(filled by organization audited):*

Keep recording the RSPO certified product and sell the product according to Internal Memorandum

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification on October 25, 2018

Company showed Internal Memorandum (IM) No. 49/ECSR-E/PBO/X/2018 on October 1, 2018 which regulates the CSPO sales is conduct in Belani Elok POM. Based on this explanation, the nonconformity is closed and will be observed in next ASA (**Closed with observation**).

Verified by : Leonada

NCR No.	:	2018.07	Issued by	:	Leonada
Date Issued	:	10 Agustus 2018	Time Limit	:	ASA 4
NC Grade	:	Minor	Date of Closing	:	
Standard Ref. & Requirement	:	Certification system 4.1.3 The mill shall develop and implement a plan to ensure that 100% of scheme smallholders and scheme outgrowers are compliant with the standard within three years of the mill initial certification			
Non-Conformance Description & Evidence observed (filled by auditor):					
Belani Elok POM receive FFB from own estate, scheme smallholder and independent outgrower. Scheme smallholder is still in the process of certification (assessed) in 2017 by other CB.					
Certification of scheme smallholder progress:					
<ul style="list-style-type: none">- Karya Mulya Cooperation for 192 smallholders (381.03 Ha): main audit 29 May – 2 June 2017- Sumber Rejeki Cooperation for 258 smallholders (509 Ha): pre audit 7 – 9 November 2017					
Other scheme smallholder still in preparation and socialization proccess:					
<ul style="list-style-type: none">- Region Dwi Makmur: Jaya Makmur, Shinta, Fajar Sidik, Karya Bersama, Karya Membangun- Region Air Bening: Beringin Makmur, Jaya Usaha Bersama					
Based on the explanation above it is known that the company has made an effort in the process of scheme smallholder certification, but until ASA-3 not 100% of scheme smallholders have been certified.					

Root Cause Analysis <i>(filled by organization audited):</i>	
Correction <i>(filled by organization audited):</i>	
Corrective Action <i>(filled by organization audited):</i>	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
Verified by	:

3.5.3 Opportunity for Improvement

No	Ref. Std.	Description
1	4.6.5	Employee understanding of Material Safety Data Sheets (MSDS)
2	5.2.3	Understanding of RTE species
3	6.9.1	Socialization of the existence of the Gender Committee to all employees of PT Belani Elok
4	TBP	Certification Progress of Bingin Teluk Location certification that has not been certified

4.5.4 Noteworthy Positive Components

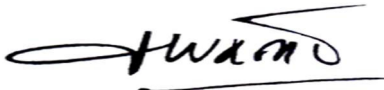

No	Ref Std	Descriptions
1	-	The company's commitment to implementing the principles of sustainable palm oil management.
2	-	The company's Commitment for sustainability Oil Palm
3	-	Cleanliness POM area
4	-	Integrated pest management
5	-	Not using paraquat pesticides since 2018
6	-	Local labor absorption
7	-	Management of riparian zone

3.6 Summary of Arising Issues from Public, Management and Auditor Response

Public Issues (Institution/ NGO/Community)	Auditor Responses
Tanjung Raja & Pauh Village included ex land owners <ul style="list-style-type: none"> There is no issue of environmental pollution The company has provided some assistance to the village such as donations for religious events, donations for independence birthday events, etc. Communication with the company is good. There is no land dispute in operation area The company did not planted in the area within the company's HGU that had not been compensated. The land claims made by the community in the area that has been planted by the company and previously have been compensated, but the family from the previous land owner made a claim back in the opportunity of getting compensation again. The boundaries of citizens with companies are clear by using trech. 	<p>Interview with surrounding village representative that known there was no land dispute or environmental issues as written criterion 2.3; 5.1, 6.1 and 6.4.</p>
Gender Committee of Belani Elok Estate Interview with Head of Gender Committee <ul style="list-style-type: none"> Gender committee activities is <i>posyandu</i> and monitoring of pregnant worker. There is no issue related to sexual harassment and discrimination. Reproductive right for female worker such as maternal and menstrual leaves. Maternal leaves is 3 months and menstrual leaves is 2 days. Company provided kindergarten in housing complex. 	<p>Auditor has verified the compliance with indicator 6.9.1, 6.9.2, and 6.9.3 related to implementation of reproductive right policy for female worker.</p>
Worker union of Belani Elok POM Interview with Head of Worker Union <ul style="list-style-type: none"> Member of worker union is about 120 members There is no issue related to discrimination, force labor, child worker Minimum wage in PT Belani Elok is above minimum wage of Sumatera Selatan Province Company has paid overtime payment in accordance with applicable regulation There is no new Collective Labour Agreement yet Work accident insurance and PPE is provided by company to all workers. 	<p>Auditor has verified the compliance with indicator, 6.6.1 about worker union, 6.7.1, 6.8.1, 6.8.2, and 6.8.3 about implementation of Worker Policy (children worker, antidiscrimination).</p>
Karya Mulya Cooperative Interview with board of Karya Mulya Cooperative	

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> Location of cooperative is in Bumi Makmur Village with coverage area about 520 lots with average area 2 ha for each lots. Cooperative is managed independently by farmer groups. Cooperative have conduct RSPO main audit in 2017 Agreement with company is about FFB supply to BE POM FFB price has updated every two weeks by the company, based on on decision from Plantation Agency of Sumatera Selatan Province There is no issues on FFB payment 	<p>Auditor has verified the compliance with indicator 6.10.1 about FFB price and 6.10.4 about FFB payment.</p>
<p>Environmental Agency of North Musi Rawas District.</p> <ul style="list-style-type: none"> The Company already has Land Application and Temporary Storage for Hazardous and Toxic Waste Permit. The Company has reported reports of Hazardous and Toxic Waste, Liquid Waste and management and monitoring plan Report regularly. In general in environmental aspects, the company has complied with applicable regulations. There is no environmental issue in the area of the company that goes to the environmental agency. 	<p>Auditor has verified the compliance with indicator 4.3.2, 4.3.3, 2.1.1 & 5.1</p>
<p>Agriculture and Fisheries Agency of Seruyan District, Plantation Sector.</p> <ul style="list-style-type: none"> Company has a Plantation Business License (IUP). Companies regularly report CSR assistance. Report on plantation business activities (LKUP) are routinely reported. Fire Extinguisher Equipment of company is sufficient and one year behind there is no issue of land fires that occurred in the area of PT PP Lonsom. Communication between the company and the agency is also well established, and if the office requested data, the company quickly responded. 	<p>This matter has been verified in criterion 2.1 & 4.7</p>
<p>Manpower and Transmigration Agency of North Musi Rawas District.</p> <ul style="list-style-type: none"> The wages of all workers have been paid in accordance with the provisions of the government (regional minimum wage of South Sumatera Province). The company has provided housing facilities, facilities of worship, clean water, education and electricity for workers. No issue about child labor and discrimination Manpower and Transmigration Agency already know what information data can be requested to the company. Information can be accessed by verbal means or by mail or email. Company already has collective labor agreement. 	<p>This matter has been verified at criterion 6.5 & 6.6.</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> - Company has labor union - The company has routinely submitted quarterly report of P2K3 - Company routinely sends report of Labor Compulsory Report. 	

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	<p>Formal Sign-off of Assessment Findings</p> <p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT. PP London Sumatra Indonesia Management Representative</p>  <p><u>Muhammad Waras</u> 26 October 2018</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Leonada</u> 26 October 2018</p> </div> </div>

Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Environment Agency	District of Musi Rawas Utara, Province of Sumatera Selatan.	-	Interview	7 August 2018	✓	
2	Manpower Agency	District of Musi Rawas Utara, Province of Sumatera Selatan.	-	Interview	7 August 2018	✓	
3	Agriculture Agency (Plantation Department)	District of Musi Rawas Utara, Province of Sumatera Selatan.	-	Interview	7 August 2018	✓	
4	Gender Committee of Belani Elok Estate	District of Musi Rawas Utara, Province of Sumatera Selatan.	-	Interview	8 August 2018	✓	
5	Karya Mulya Cooperative	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	8 August 2018	✓	
6	Tanjung Raja Village Including previous land owner	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	7 August 2018	✓	
7	Pauh Village Including previous land owner	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	7 August 2018	✓	
8	<i>Wahana Lingkungan Hidup Indonesia (Walhi)</i>	Jakarta, Indonesia	informasi@walhi.or.id	Questioner via email	31 July 2018		✓
9	<i>Aliansi Masyarakat Adat Nusantara (AMAN)</i>	Jakarta, Indonesia	rumahaman@cbn.net.id	Questioner via email	31 July 2018		✓
10	Sawit Watch	Bogor	info@sawitwatch.or.id	Questioner via email	31 July 2018		✓
11	Internal Stakeholder: • 18 weeding activities • 3 harvester • 3 pesticide applicators and • 1 supervision of pesticide applicators • Agrochemical (Hazardous Materials) Warehouse Keeper. • 1 head mechanic and 1 mechanic workshop.	Batu Cemerlang Estate	-	Interview	9 August 2018	✓	
12	Internal Stakeholder: • 2 security • 4 worker Loading ramp • 1 worker Sterilizer Station • 1 worker Press Station • 1 engine room operator • 1 boilerman • 1 kernel operator • 1 Agrochemical (Hazardous Materials) Warehouse Keeper. • 1 Operator WTP.	Belani Elok POM	-	Interview	7 August 2018	✓	

	<ul style="list-style-type: none"> • 1 Operator WWTP. • 1 person clerk Chemical material warehouse. • Spear part warehouse. (1 person clerk) • Workshop. (1 head of workshop, 1 welder and 1 mechanic) • WTP. (1 person operator). • WWTP. (1 person operator). • Mill Drainage. (1 person POM assistant). • Hazardous waste temporary warehouse. (1 person operator). • Solid Waste. (1 person operator). • Mill Drainage. (1 person operator) • Land application. (1 person former, 3 person operator). 						
13	<p>Internal Stakeholder:</p> <ul style="list-style-type: none"> • 2 harvester and 1 foreman • 2 pesticide applicators and • 1 supervision of pesticide applicators • Agrochemical (Hazardous Materials) Warehouse Keeper. • Agrochemical material warehouse (BEE central). (1 person head of storage and 1 person clerk) • Hazardous waste temporary warehouse. (1 person clerk) • Fertilizer Warehouse (BEE central). (1 person head of storage and 1 person clerk) • Land fill block 75 (housing complex division I & III). (1 person field assistant). • Body shower of spraying team and mixing area (BEE central). (1 person head of storage and 1 person clerk) • Fire Fighting Equipment Storage. (1 person clerk) • Generator room (BEE central). (1 person operator) • Generator room (housing complex division I & III). (1 person operator). • Water pump room (housing complex division I & III). (1 	Belani Elok Estate	-	Interview	8 August 2018	✓	

	person operator). • Housing (division I). (2 person householder). • Housing (division III). (1 person householder).. • Fuel storage (BEE central). (1 person clerk)						

Appendix 2. Assessment Program

DATE	6 to 10 August 2018	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 6 August 2018		
12.20 – 13.30	Jakarta – Lubuk Linggau	All AUDITOR
14.00 – 16.00	Lubuk Linggau – PT. Lonsum	
16.00 – 17.00	Opening meeting	
Tuesday, 7 August 2018		
07.00 – 12.00	Stakeholder consultation with Government Institution of Musi Rawas Districts (Land National Agency, Environmental Agency, Plantation Agency, and Manpower Agency)	RDP / HSS
08.00 – 12.00	Stakeholder consultation with surrounding villages, ex land owner and plasma	LND
	Stakeholder consultation with contractor, labor union and gender committee	AAS
12.00 – 14.00	Break	LND / AAS
14.00 – 17.00	Field observation at POM: <ul style="list-style-type: none">Security, weighbridge, loading ramp, process, engine room, workshop, boilerWTP, WWTP, Hazardous Waste Warehouse, drainage, collecting place of solid waste (EFB, fiber, shell), Land Application area, methane capture (if any) and composting (if any)SCCS verification	LND / AAS
Wednesday, 8 August 2018		
08.00 – 12.00	Field observation at Belani Elok Estate	LND HSS AAS/RDP AAS/RDP ALL AUDITOR ALL AUDITOR
	Boundary pole and HCV	
	Manuring, Spraying, Harvesting, IPM, Road Maintenance	
	Housing, water source, daycare, health facility	
	Workshop, Hazardous waste warehouse, Chemical warehouse, Firefighter equipment, Landfill	
12.00 – 14.00	Break	
14.00 – 17.00	Verification of partial certification and time bound plan	ALL AUDITOR
	RSPO Document Review and clarification of field visit	
Thursday, 9 August 2018		
08.00 – 12.00	Field observation at Batu Cemerlang Estate	LND HSS AAS/RDP AAS/RDP ALL AUDITOR ALL AUDITOR
	Boundary pole and HCV	
	Manuring, Spraying, Harvesting, IPM, Road Maintenance	
	Housing, water source, daycare, health facility	
	Workshop, Hazardous waste warehouse, Chemical warehouse, Firefighter equipment, Landfill	
12.00 – 14.00	Break	
14.00 – 17.00	Verification of partial certification and time bound plan	ALL AUDITOR
	RSPO Document Review and clarification of field visit	

DATE	6 to 10 August 2018	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Friday, 10 August 2018		
08.00 – 10.00	Closing meeting	ALL AUDITOR
10.00 – 13.00	PT. LONSUM - Lubuk Linggau	ALL AUDITOR
14.00 - ...	Lubuk Linggau - Jakarta	ALL AUDITOR